The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

T. V. Soong Explains China's Finances in Relation to World Problems

A summary of views on Chinese and world tendencies in politics and finance by the Nanking Finance Minister

OTHER ARTICLES IN THIS ISSUE

"Japan Will Use Force With China and Russia But Conciliation With American"---Hirota

Dr. Sze's Suggestion for a Conference on the Shanghai and Pacific Questions

Devastating Character of the Next Great War

Some Reactions to U. S. Naval Construction Plans

Soviet-Japanese Tension Grows as C.E.R. Issue Remains Unsettled

Dictatorship in Japan Predicted by General Araki

Dangers Involved in the Present Drift of Chinese Policy Toward Japan

As the Japanese See Sino-Japanese Relations After the Lushan Conference *(By the Review's Tokyo Correspondent)*

The Problem of Marketing China's Raw Silk . . . . . By Paul K. Whang

A Review of Labor Disputes and Strikes in China in Recent Months . . . . . By Fang Fu-an

SATURDAY, OCTOBER 21, 1933 VOLUME 66, NUMBER 8

FORTY CENTS A COPY

WORLD WIDE BANKING FACILITIES

Founded in 1812

THE
NATIONAL CITY BANK
OF NEW YORK

Capital, Surplus and Undivided Profits,
over U.S. $179,983,000

BRANCHES AND CORRESPONDENT
THROUGHOUT THE WORLD

Local Branch:
1a Kiukiang Road,
Shanghai

Head Office:
55 Wall Street,
New York.

SPECIALIZED REALTY SERVICE

LAND for SALE

Ideal development site on Yu Yuen Road. Area mow 4.2.8.2. Priced reasonably

REALTY INVESTMENT COMPANY
FEDERAL INC. U. S. A.
SHANGHAI

56 Szechuen Road Cable "Realinvest"

WESTON-JEWELL INSTRUMENTS

MODEL 301

All Types of Electrical Indicating Instruments for Radio Testing and Laboratory Use. Stocks carried.

China Electric Company
LIMITED

230 Medhurst Road

EXISTING TARIFFS
OF SHANGHAI
TELEPHONE COMPANY
ARE NOT HIGH

Measured by the scope of the service and the usage, the charges for Telephone Service are cheaper here than in any similar city in the world.

Consult the Business Office.

232 Kiangse Road *Telephone* 11400
333 North Kiangse Road *Telephone* 41415

SHANGHAI TELEPHONE COMPANY

密勒氏評論報

The China Weekly

REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 66 | Shanghai, China, Saturday, October 21, 1933 | Number 8

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 38 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; HOH CHIH-HSIANG, Asst. Editor; TRYPHON KU, Advertising Dept.; F. K. CHAO, Business Dept.

CONTRIBUTING EDITORS

C. Y. W. MENG S. Y. LEUNG

STEPHEN WANG PAUL K. WHANG

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

Contents

Editorial Paragraphs

Some Reactions to U. S. Naval Construction Plans.. 303
Devastating Character of the Next Great War 305
Dr. Sze's Suggestion for a Conference on the Shanghai and Pacific Questions 306
"Japan Will Use Force With China and Russia But Conciliation With American"—Hirota 308

Special Articles

Dictatorship in Japan Predicted by General Araki.. 312
Soviet-Japanese Tension Grows as C.E.R. Issue Remains Unsettled..... 314
A Review of Labor Disputes and Strikes in China in Recent Months..... By Fang Fu-an 321
As the Japanese See Sino-Japanese Relations After the Lushan Conference 323
The Problem of Marketing China's Raw Silk..... ..... By Paul K. Whang 328
T. V. Soong Explains China's Finances in Relation to World Problems 330
Dangers Involved in the Present Drift of Chinese Policy Toward Japan..... 336
Who's Who in China 339
Men and Events 340
New Books of Interest in the Far East 342

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS" COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 38 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

SOME REACTIONS TO U. S. NAVAL CONSTRUCTION PLANS

THE first and only voice to be raised in Japan in a period of two years against the present war policy of the Araki military clique has been stilled. On October 11 Baron K. Wakatsuki, president of the Minseito, chief minority party in the Diet and who served as Japan's chief delegate to the London Naval Conference in 1930, declared that the failure of the Naval Conference in 1935 would precipitate a new armament race between Japan and the United States which would be disastrous to Japan. Speaking before a rally of the Minseito party at Nagoya, Baron Wakatsuki declared further that Japan's acceptance of the London naval treaty in 1930 had served the empire's best interests, despite the fact the treaty was imperfect in many respects. Baron Wakatsuki then announced that he would further elaborate his views on the armament issue at another meeting of the Minseito party to be held shortly.

Baron Wakatsuki's declaration, which received great attention in the Japanese newspapers was made on October 11. Five days later, or on October 16, the official *Rengo* service issued a message from Tokyo stating that Baron Wakatsuki "had been convinced that silence was the best policy," hence had decided to say nothing further on the subject. The *Rengo* message explained that political influence both within and outside the Government "had been brought to bear on Baron Wakatsuki causing him to cancel further statements on the London Naval treaty and the arms limitation issue." The Baron had reached this decision, according to the *Rengo* message, "because of his patriotic desire not to create further confusion in political and naval circles on an issue which was regarded as essentially a thing of the past."

Baron Wakatsuki apparently was inspired to make his courageous declaration by the testimony of the accused naval officers who are under trial for complicity in the murders and acts of violence on May 15 of last year. All of the accused officers in the course of their statements declared that a chief motive for their participation in the murder of Premier Inukai and Baron Dan and other acts of violence had been to wipe out the disgrace of the London Naval Limitation Treaty, which had been signed by Baron Wakatsuki as chief Japanese delegate. The unanimity of the statements of the naval and military officers on

this question naturally suggested inspiration from higher sources, which supposition was made even more convincing when the leader of the civilian group involved in the murders declared in the course of his testimony that he desired to make General Araki, present War Minister, military dictator of Japan. This naturally aroused the ire of Baron Wakatsuki and caused him to issue a statement defending his policy, but as stated in the foregoing, his independence only lasted for five days.

The military intimidation now prevailing in Japan has had further reaction: Four full admirals, Takeshi Takarabe, Keisuke Okada, Katsunoshin Yamanashi and Naoomi Taniguchi, who participated in the London Naval Conference with Baron Wakatsuki, have been forced to retire in the face of the scathing criticism of naval men. As a result of these retirements, Vice-Admiral Suetsugu, strongest of advocates of a big navy is scheduled to be placed in virtually supreme control over the Imperial squadrons. He is supposed to be in full accord with the views of Gen. Araki. In addition to these moves there was the further action, reported in *The Review* on October 7, whereby the naval regulations were so amended that in future no civilian official in Japan will ever have power to sign any treaty or international agreement limiting the Japanese navy. The amended regulations have the effect of giving the Imperial naval staff perpetual war-time powers.

Whether these reactions in Japanese naval circles have resulted from the decision of the American Government to bring its navy up to full treaty strength, or are a continuation of the war-psychology which has prevailed in Japan for the past two years, cannot be stated. But in the face of this situation, Koki Hirota, foreign minister, declared on October 1 that he had sent instructions to Katsuji Debuchi, Japanese Ambasador in Washington, to ascertain whether the American Government desired to conclude an arbitration pact with Japan. According to a report in the *Nichi-Nichi* Mr. Hirota had discussed the subject with War Minister Sadao Araki and Navy Minister Mineo Osumi and the suggestion had been made that the United States be requested to "ignore the Manchurian issue for the present," and negotiate an arbitration treaty in order to pave the way for the forthcoming disarmament conference in 1935. Japan's first move to negotiate an arbitration treaty with the United States was made by Viscount Kikujiro Ishii when he saw President Roosevelt in Washington prior to the London Economic Conference. On this accasion President Roosevelt was quoted in the Japanaese newspapers as having told Ishii in effect that there could be no further treaty-signing between Japan and America until Japan had regularized her position on certain other compacts which had been reduced to the proverbial status of scrap-paper. President Roosevelt was also quoted in the Japanese newspapers as having told Ishii that the United States had tried for a decade to bring about limitation of armament but if certain other nations persisted in naval expansion, America was prepared to accept the challenge and if necessary spend four billion dollars on new warships.

Recently Viscount Ishii returned to Japan after an extensive tour of investigation in the United States and Europe, following the London Economic Conference. In a statement which was extensively quoted in the Japanese newspapers on October 8, Viscount Ishii urged the early conclusion of an arbitration treaty with America. He was quoted in the *Osaka Mainichi*, "The world appears to welcome an American-Japanese war, but we must be careful not to fall into the snare. Imagine what would follow if the United States and Japan should fight—such a thing ought never to happen." The *Mainichi* headed the interview with large type: "Hurry Up Peace Pact with U. S., Urges Ishii," and followed this with a statement that Viscount Ishii had urged Foreign Minister Hirota to begin without delay diplomatic negotiation looking toward the negotiation of some sort of a treaty or understanding with Washington whereby America and Japan would promise under no circumstances to "cross swords." The paper said further that Viscount Ishii appeared to be strongly impressed by the danger of permitting other nations to conspire with a view to fomenting trouble between the two countries. He was convinced that if such a catastrophe ever occurs, it would mean an irretrievable loss to both Japan and America."

The war talk in Japan, particularly the bellicose statements of Gen. Araki in recent months about Japan's intentions to drive all Americans and Europeans and their interests out of Asia and ultimately to rule the entire world, have had a natural reaction in the United States. The Hearst newspaper have renewed their "yellow-peril" agitations and have been broadcasting appeals for united support behind an American navy "second to none," and more recently Hearst has been issuing editorial broadsides urging unity on the part of the English-speaking peoples—which had an interesting reaction in Australia where a leading official suggested that the Commonwealth cooperate with the United States naval authorities in the construction of a naval base on the Australian coast "to be jointly used by the two commonwealths." In addition to the Hearst campaign there have been numerous statements by officials and leaders in various walks of life, including the head of the American Federation of Labor, supporting the naval construction campaign. Assistant-Secretary of the Navy Roosevelt was quoted in a dispatch from Washington on September 19 as declaring that America had a "huge trade stake in Asia, hence the American navy must be maintained powerful enough to keep us from having our sea lanes blocked." Also of significance is the fact that American officials from Secretary Swanson down have ceased stating that the American navy was concentrated in the Pacific for reasons of "economy." They now state frankly and openly that the American navy is being kept in the Pacific for purposes of defence and to prevent a surprise attack by Japan. A prominent member of the House naval affairs committee declared that the American navy would be maintained in the Pacific "for many years to come," and a well-known professor, authority on international affairs declared that even though the United States was compelled to spend four billions on new warships it would be cheaper than a second-rate war with Japan. On September 26 the United States informed Great Britain that the present building program designed to bring the navy up to full treaty strength, could not be postponed.

DEVASTATING CHARACTER OF THE NEXT GREAT WAR

IN view of the latest Soviet-Japanese crisis, a book entitled "What Would Be the Character of a New War?" which has just been published by Smith & Haas (New York City) under auspices of the Interparliamentary Union at Geneva, is particularly timely. Unlike most such books, this volume is neither pacifist propaganda nor a pseudo-scientific survey in the H. G. Wells manner, but a really scientific review by 18 experts, many professional military men, from the United States, Great Britain, Sweden, France, Japan, Denmark, Germany, Greece and Switzerland.

Of course, the new Soviet-Japanese war scare, like all that have preceded it in the past two years, is probably merely sound and fury signifying nothing for the present excepting hectic bargaining in the best Oriental tradition over the Chinese Eastern Railway which Moscow has already made plain she was willing to give up. But sooner or later war between Japan and the Soviet Union is altogether probable — and who else will be involved remains to be seen. And if and when such a war starts, it will be a great war however short or regardless of the number of participants, for both the U. S. S. R. and Nippon are beyond doubt prepared to fight not only with land armies, but also with airplanes, poison gas, aerial bombs, disease bacteria, and perhaps a few other things which will come as surprises.

The Geneva experts cooly assume that all anti-war pacts will be disregarded except, perhaps, that the new war will be an undeclared one and hence merly war *de facto* instead of war *de jure*. Japan has already established an excellent precedent in this respect. The Geneva experts also assume with equal calm that in the new war "there will be no moderation except that dictated by self-interest;" all the population in the warring nations will be equally exposed, and nothing however horrible will be barred if it gives promise of contributing to victory. In brief, there will be "unrestricted use of every available weapon of violence," and without any distinction between combatant and non-combatant.

The principal struggle, as the Geneva experts see it, will be in the air. Surprise aerial attacks now have one hundred times greater power of destruction than during the World War. Aircraft and poison gas are quickly and easily manufactured whereas heavy armaments, like battleships, can be produced only slowly. One contribution to air attacks will be fleets of unmanned aerial torpedoes which will be electrically controlled by a few planes flying at very high altitudes, and hence anti-aircraft guns will merely bring down these projectiles to explode when hits are scored,—and "there is no reliable protection against direct hits of explosive bombs."

Nor has any adequate protection been devised against the almost unlimited possibilities of chemical warfare. Professor Lewis, of Northwestern University in the United States, has invented a product called Lewisite, three drops of which on any part of the skin will be fatal. There is a Green Cross Gas which causes the lungs to fill with blood and thus produces an effect similar to drowning. New varieties of mustard gas causes strangulation which ends fatally after a few weeks or months; the suffering until death is better imagined than described. It is also claimed that a new unnamed gas could put a whole nation to sleep for 24 hours, and this gas can be discharged by airplanes controlled from a distance. Disease germs can be distributed from airplanes in glass globes which break when they reach the ground.

Finally, in view of the secrecy surrounding the development of new armaments in each nation, there may be lethal weapons unleashed about which nothing is now publicly known.

Applying the facts of the above summary to a possible Soviet-Japanese war, several interesting and important deductions are apparent—assuming, of course, that the fighting would be confined to these two nations. Neither is probably as well prepared for the most modern scientific warfare as such more industrially advanced countries as Great Britain, the United States, and France. The old Russian scientific intelligentsia was liquidated to a considerable extent by the Bolshevik revolution and while a new technical group which is devoted to communist principles has been built it, there is still considerable lacking. However, Japan has not shown any tremendous aptitude for originality in scientific work, and so is probably no farther advanced than the Soviet Union. Further, the Russians are very likely more inventive than the Japanese. Japan, however, has a more secure industrial base than the Soviet Union has today or probably will have until a few more 5-Year Plans are completed. Also Japan has a larger navy and a larger air fleet than the U. S. S. R. although the precise value of the former in actual combat would be somewhat dubious.

But the U.S.S.R. is not nearly so concentrated as Japan in national essentials—and in that fact there is vast significance. If Soviet air force could dentroy only four cities of Japan — Kobe, Osaka, Tokyo and Yokohama, all of which are close together and none of which is more than six or seven hours by air from Vladivostok—the backbone of the Japanese Empire would be broken and not less than one third of population killed. Another extremely vulnerable point of Japan is the Imperial Family around which all Japanese lovalty centers and which is regarded as divine. If it were wiped out in an air raid, the nation would most likely be utterly demoralized, — and one can well surmise that this point would not be neglected by the canny and realistic Bolsheviks. In this connection, a foreigner well acquainted with Japan recently observed to the writer that had the Imperial Family been killed in the great earthquake a decade ago, Japan would probably have collapsed as a nation.

The U.S.S.R. is not nearly so vulnerable, particularly on the eastern front. Industries are widely separated over a vast area, and while communications would be easy to destroy, no dozen cities in all Siberia are really vital. Of course, if the land were invaded, the farther the Red Army was driven from the coast, the farther back and hence less efficient would be the bases for air attacks against Japan. But the Soviet authorities could well afford to neglect defense of the coast and sacrifice half or more of their air fleet for a quick attack on the backbone of Japan

at the very beginning of hostilities if it gave promise of being as successful in practice as it appears in theory,—and there can be little doubt that there are enough Soviet airmen with a fanaticism fully equal to Bushido to offer their lives in such a crusade.

While all available evidence indicates that the Soviet air force as well as the Red Army generally would be thoroughly reliable and devoted to their cause, some doubt may be entertained about other elements in the U.S.S.R., particularly the peasantry. The vigorous Soviet effort in recent years to liquidate the land-owning peasantry and convert them to real communism has not yet been wholly successful, as the almost constant food shortage in the country reveals. But an actual peasant uprising, at least prior to a severe military defeat, would appear quite unlikely since there can be no doubt that the country is efficiently policed and every villages has at least some thoroughly loyal and potent communists who could be expected to keep the dissidents well in hand for an indefinite period. Should, however, a major invasion take place there might be a lessening in morale and the opponents of Soviet power might have a chance to revolt. When Japan invaded Siberia after the revolution, the peasants fought vigorously for the Bolsheviks who promised them land; now, however, the Bolsheviks in effect have been taking the land away from the peasants with many of the latter being far from convinced of the superiority of agricultural communism over individualistic farming; hence, the present loyalty of these people to the Kremlin may well be doubted although in a few more years they might change their attitude.

But whatever handicaps (including industrial deficiency) that the U.S.S.R. might face in a prolonged war with Japan, the Bolsheviks would appear to have a tremendous advantage in the beginning of hostilities if they acted quickly and ruthlessly. This Japan probably realizes, and General Araki was very likely wholly sincere, at least as far as the immediate future is concerned, when he recently declared that Nippon has no intention of fighting the Soviet Union. A year or so ago General Graves, who commanded the American expedition to Siberia after the revolution and so can qualify as an expert on the subject, declared that no Japanese soldier in his right mind would ever consider going to war with the U.S.S.R. unless he had a definite agreement of direct support from some power on the Soviet western border.

Certainly, at the present, it is extremely doubtful if the Soviet Union could survive a simultaneous attack from both east and west. Also, at the present, it is extremely doubtful if any western power would be willing to join Japan in such an attack. What the future, however, holds in this respect is another story which only time ran definitely reveal,—but the longer war is delayed the better will both Japan and the U. S. S. R. be prepared to wage it in the devastating manner outlined by the Geneva experts, and if many other nations are involved it might mean the end of Japanese capitalism and Russian communism alike! W. B.

Dr. Sze's Suggestion for a Conference on the Shanghai and Pacific Questions

DR. SAO-KE ALFRED SZE'S suggestion that an international conference be held shortly for the purpose of considering the Shanghai and China questions has again aroused interest in the conference method of settling these issues. But it is extremely doubtful whether Dr. Sze, in making this suggestion, had any hope in such a conference being held, or if held whether it would accomplish anything. In Dr. Sze's interview which was telegraphed to the Far East by *Reuter* from London on Oct. 11, he referred to the present laissez-fair or "do-nothing" policy on the part of the Powers with respect to their policies and interests in China and referring particularly to Great Britain he said that the present drifting policy was not consistent with Britain's great interest in China and her long intimacy with the Chinese people. Dr. Sze then referred to the pressing importance of Far Eastern affairs to the whole world and said that when European affairs had become more setttled an international conference on China and especially on the future of Shanghai would be necessary in view of Japan's present position. With reference to the present Anglo-Japanese conferences in London and India, Dr. Sze also called attention to the intimate connection between the British Indian issue and the China question and declared that if Great Britain gave way to Japan in China it would have an extremely adverse effect upon Britain's policy and her future position in India. What Dr. Sze as well as other leading Chinese, and also a large number of Britons fear, it that the outcome of the present Anglo-Japanese discussions in India may be a compromise whereby the British will withdraw from the China market and thus give the Japanese a free hand here while reserving the Indian market for British manufacturers.

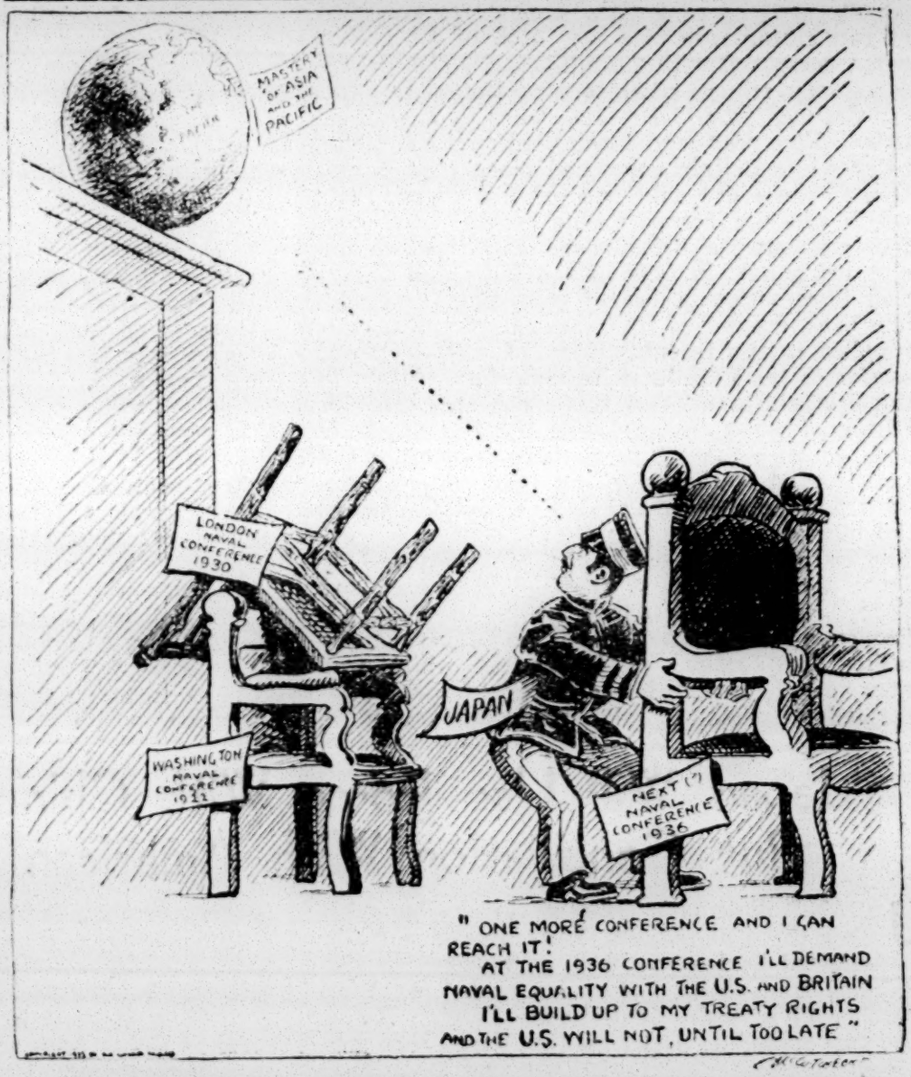
From a general standpoint we imagine Dr. Sze's chief motive in bringing up the question of an international conference on the China question, was largely for the purpose of keeping the issue alive, rather than being based on any hope of such a conference being held in the near future. His motive in this regard was similar in many respects to that of Dr. V. K. Wellington Koo in his recent declaration at Geneva, that all signs in the Far East "point toward a major conflict if the Covenant of the league is made a scrap of paper east of Suez." Obviously neither Dr. Sze or Dr. Koo can have much hope in the early calling of a conference on Pacific questions, or in the success of such a conference even though it could be invoked. The reason for this has now become quite obvious due to recent developments in Europe which point definitely in the direction of another major armed

conflict.

In view of the failure of the London Economic Conference and the recent break-up of the Disarmament Conference it is obvious that no constructive ends would be served by calling another conference on Far Eastern issues, particularly in view of the fact that Japan is now more than ever dominated by the military clique which started the process of converting treaties into "scraps of paper" two years ago when she occupied Manchuria. As a result of this situation the efforts of pacifists and altruists to reconstruct world affairs on a basis of reason supported by international law having its foundation in treaties and agreements have been almost completely nullified. The various nations of the world are therefore forced into a position where they must, in self defence, develop their armament and economic and financial strength for another armed conflict—another war to end war.

Just when the where the conflict will break out no one can determine, but most observers are convinced that 1935 will be the crucial year because it is in that year that the various armament agreements signed at the Washington Conference will expire and the various nations must signify their intentions with respect to the future. However, it is not necessary to wait for two years in order to determine intentions for they are altogether too apparent at present, in fact they have been apparent in the Far East for two years. Unless there is an immediate outbreak of hostilities in Manchuria between Japan and Soviet Russia, the possibilities are that the period between now and 1935 will be occupied by the various nations in a sort of chess game to determine their line-up in the coming test of arms. Aside from the crisis between Japan and the Soviets in Manchuria there are numerous other danger spots where complications are likely to develop—Japan and the United States—Japan and Great Britain—and Europe. Perhaps the most significant and disconcerting phase of the situation is that the leaders of most of the nations expect the trouble to break out in some quarter where the interests of their nation will not be directly affected. For example the Russians profess to be certain that Japan and the United States will go to war, while Americans are equally certain that war between Japan and Russia is inevitable. As for the British they are confident that Japan, Russia and the United States will be involved, while as a matter of fact the relations between Britain and Japan are almost as critical as are the relations of Japan and the Soviets or Japan and the United States. In many respects the existing situation between Japan and Great Britain resembles greatly the situation which prevailed between Britain and Germany prior to the outbreak of the World War in 1914. At that time Germany was rapidly getting into a position to contest Britain's naval and commercial supremacy in world markets and an almost exactly similar situation exists today with respect to Japan and Britain. A *Reuter* dispatch from London on October 13 stated that Manchester cotton interests had submitted a scheme to the British Board of Trade to dismantle 10,000,000 spindles and 100,000 looms which have been rendered idle due to Japanese

HE CAN BEAT US IN CONFERENCE, WE CAN BEAT HIM IN NAVAL BUILDING. WHICH COURSE WILL WE TAKE?


MASTERY OF ASIA AND THE PACIFIC
JAPAN
LONDON NAVAL CONFERENCE 1930
WASHINGTON NAVAL CONFERENCE 1922
JAPAN
NEXT (?) NAVAL CONFERENCE 1936
" ONE MORE CONFERENCE AND I CAN REACH IT! AT THE 1936 CONFERENCE I'LL DEMAND NAVAL EQUALITY WITH THE U.S. AND BRITAIN I'LL BUILD UP TO MY TREATY RIGHTS AND THE U.S. WILL NOT, UNTIL TOO LATE "

This cartoon by the well known cartoonist McCutcheon which appeared in the *Chicago Tribune* on Sunday, Sept. 17 exemplifies prevailing sentiment in the United States with respect to naval rivalry with Japan.

competition in the cotton trade. According to a recent report of the New York Cotton Exchange, Japan is now, for the first time in history exporting a greater yardage of cotton cloth than Great Britain. Japan's exports last year jumped to a new high record 40 percent above the total for the preceding season while Britain's exports only increased a bare 3 percent. Five years ago Britain exported more than three times the yardage exported by Japan, or 3.9 billion yards compared with Japan's 1.2 billions. According to figures published in the September 9 issue of *Business Week* (New York) the cotton consumption of Japan and Great Britain also show equally striking contrasts. Japan's consumption of raw cotton rose to a new high of 2.7 million bales, compared with 2.5 millions for the preceding season, while British consumption of raw cotton declined from 2.5 million bales to 2.4 million bales. Five years ago Japan used only 2.3 million bales while Britain consumed more than 3 millions. These are only two of the major facts which add significance to the present trade conferences between Britain and Japan which are now being held in London and India and if further information is desired regarding the economic back ground of international rivalries, it is supplied in the recent report of the economic section of the League of Nations showing that in the first six months of this year the trade of Britain, France, Germany and the United States declined with respect to the totals covering the same period of the preceding year, while Japanese trade for the same period showed a substantial increase.

Viscount Ishii, who has just returned to Japan from a tour of the United States and Europe, in a recent address before the Japanese Economic League, said that it was Japan's trade rather than actions in Manchuria, which was worrying the world, hence he urged the Japanese industrialists to take immediate steps to control their trade and standardize their prices of manufactured goods, otherwise a more serious situation will develop.

Obviously we do not wish to minimize the importance of a conference on Far Eastern problems such as that suggested by Dr. Alfred Sze, but as indicated in the foregoing nothing could be more futile than such a conference called at the present time. The problems of the Far East will ultimately have to be settled at a conference, but from present prospects the drift of events is in the opposite direction—toward armed conflict. The Japanese have no intention whatever of receding from their present position in Manchuria and the present tendency in Japan is toward the early creation of a military dictatorship and that will mean a further aggravation of conflicts of interests in this part of the world. At the present time Japan is the central figure in crises which involve Russia, the United States and Great Britain and all of which are intimately concerned with the problem of China. Obviously a conference would be the logical method of settling these issues, but so long as Japan follows the course of an outlaw in international affairs there is no hope of any peaceful adjustment. Unless war breaks out on any one of these various fronts, the chances are that the present deadlock will continue until Japan, due to domestic economic adversity comes to her senses, or the other Powers finally reach the point where they would be willing to cooperate in common action against Japan. China's position in the midst of these clashing interests of major Powers is not an enviable one, a fact which seems to be generally realized on the part of the country's leaders. In the face of this critical situation, China, obviously, should bend her best efforts toward unification and a strengthening of the country's financial, economic and military position.

"Japan Will Use Force With China and Russia But Conciliation With American"---Hirota

JAPAN'S diplomatic strategy in dealing with her three neighbors, China, Russia and the United States was well summarized in dispatches from Tokyo (*Reuters and Rengo*) on October 17 wherein Koki Hirota, Foreign Minister, was quoted as declaring that Japan was prepared to take "definite independent measures" in cases where ordinary diplomacy failed in future dealings with China and Russia. With reference to Japan's relations with the United States, Mr. Hirota said that he would initiate early negotiations for an arbitration treaty—meaning that in the adjustment of diplomatic problems with America, Japan would not use force as in dealings with China and Russia, but would use conciliation. Mr. Hirota's statement was issued following a meeting of the Tokyo cabinet wherein a further attempt was made to formulate a definite policy on outstanding diplomatic, financial and national defence problems. It was the fifth special session of the Cabinet to be held since Hirota's assumption of the foreign portfolio, the object being to reach a definite understanding on governmental policy prior to the holding of the autumn military maneuvers which are scheduled on a much more elaborate scale than usual beginning October 24.

Chief interest is centered in Hirota's policy toward China because Japan is now involved in most serious complications with both Russia and the United States, hence feels the necessity of patching-up her relations with China. Of course there has been no official statement indicating Japan's real intentions with respect to recent diplomatic moves at both Nanking and Peiping, but a perusal of recent reports in the Japanese newspapers give a more or less clear idea of Japan's intentions:

First, Japan will attempt to prevent the National Government from increasing customs duties on Japanese goods, which has been the chief subject of discussion in recent conversations between Japanese Minister Ariyoshi and Nanking officialdom in recent days. Japan will even try to induce China to reduce the customs duties on Japanese imports, and in this connection will

attempt to invoke the diplomatic assistance of Great Britain and France.

Second, Japan will attempt to bring about a re-establishment of relations between north China and Manchukuo, which if successful will amount to China's recognition of the Japanese puppet state. Minister Ariyoshi, folowing his conversations with Chinese officials in Nanking, has now proceeded to Peiping where he intends to spend a month in further negotiations on the Manchurian issue. According to a special dispatch from Tokyo which appeared in the *China Times* (Shanghai) on October 16 Japan will propose three fundamental principles: (1) That China shall recognize the necessity for the co-existence of China and Japan and the necessity of resuming friendly relations; (2) That China be induced to give Manchukuo a chance for free development, meaning the establishment of a definite boundary between the two countries and the enforcement of measures designed to bring about close cooperation between China, Manchukuo and Japan; (3) That all anti-Japanese movements, including the boycotting of Japanese products in China, be permanently discontinued.

What course China intends to follow with regard to the forcoming negotiations has also, for obvious reasons, not been stated but dispatches from Nanking in recent days have indicated the possibility of important developments in the relations of the two countries. A dispatch from Nanking in the Chinese edition of the *Evening Post* on October 17 said that while the Government was reluctant to make known the main points in its policy toward Japan, there was a feeling that a change in Nanking's policy had been made necessary by recent developments in the world situation, particularly the strained relations between Japan and Russia and Germany's withdrawal from the League. The dispatch concluded with a suggestion that the forthcoming negotiations with Japanese officialdom in Peiking would include four chief subjects, (1) re-establishment of postal communications between China and Manchuria; (2) re-establishment of direct railway communications between north China and Manchuria; (3) negotiation of a tariff treaty between China and Manchukuo, including demarcation of a boundary and establishment of customs stations; (4) cooperative action in dealing with the irregular troops and bandits in the demilitarized zone. Of the four items, the Japanese are specially interested in the fixing of a boundary between north China and Manchukuo because China's agreement to the establishment of a boundary would have all the force of recognition of the Japanese puppet state even though the actual matter of formal recognition was omitted from the negotiations.

There have been further indications pointing in the direction of a resumption of normal diplomatic relations between the two countries. Reports in the Tokyo newspapers following the return of Chinese Minister Chiang Tso-ping to Japan, stated that in his first interview with the new Japanese Foreign Minister Hirota, Mr. Chiang explained the fundamentals of the Chinese policy. Since Chiang Tso-ping arrival in Tokyo, Gen. Huang Fu, head of the Peiping Political Readjustment Committee, has sent two delegates to Tokyo, Li Chen-yi and Ying Tung, both of whom have been members of the so-called retrocession committee at Peiping which has been dealing with the problems involved in the demilitarized zone. The report in the *China Times*, referred to in the foregoing, said that Japan would be represented at the negotiations by two representatives of Manchukuo, one being Ting Chieh-hsiu the puppet minister in Tokyo and the other a Japanese named Ohashi from the Changchun foreign office. While these conversations are proceeding in Tokyo, the Peiping end of the negotiations will be conducted by Japanese Minister Ariyoshi and Huang Fu. A *Reuter* report from Peiping on October 13 stated there was a possibility that instead of sending both Li Cheh-yi and Ying Tung to Tokyo, one of them might be sent to Changchun to deal directly with the Japanese military authorities in the Manchukuo capital. Also in Peiping at the present time is another high Japanese military official, Major-General Okamura, vice-chief-of-staff of the Kwantung Army and direct representative of the Military General Staff in Tokyo. Another high Japanese diplomatic official, Dr. Yotaro Sugimura, former Japanese representative at Geneva, but now a special diplomatic representative of the Tokyo Foreign Office, is now on an inspection tour of China, and after spending considerable time in Peiping proceeded to Shanghai to interview Chinese officialdom. To complete the list of Japanese officials now touring China should be included Iyemasa Tokugawa, Japanese Minister to Canada and a large number of Japanese parliamentarians who, after spending considerable time in Peiping and Tientsin, proceeded to Manchukuo by way of Shanhaikwan.

Whether it had any connection with the forthcoming Sino-Japanese negotiations cannot be stated, but a report from Hongkong published in the Shanghai newspapers on October 17 stated that a Japanese destroyer had called at Waichow, a port on the Chinese coast in Kwangtung province between Swatow and Canton on October 13. A dozen Japanese sailors were landed and officers connected with the detachment spent considerable time inspecting local conditions, following which the warship departed. Since Canton has been bitterly opposed to the re-establishment of diplomatic relations with Japan, the visit of the Japanese warship on an inspection trip to the Kwangtung coast only a few miles from Canton stirred up considerable excitement.

CHINESE TARIFF INCREASE

Space is not available for a complete summary of the numerous reports and editorial discussions which have appeared in the Japanese newspapers bearing on the question of relations with China. The *Osaka Mainich* published two reports on October 5 and 12 dealing with the question of China's expected increase in customs duties on products imported from Japan. The report on October 5 stated that the National Government was planning wholesale increases in the tariff amounting to 3 percent, the increased revenues to be used as security for the new $100,000,000 loan which has just been authorized. According to this report the increased tariff revenues constitute an important phase of the new economic policy which has been formulated since the return of T. V. Soong from his trip to the United States and Europe. The chief object

is to protect Chinese industries against foreign competition and as such constitute the initial step in a broad policy designed to build up and strengthen Chinese industries in accordance with the recently created National Economic Council. This move on China's part has naturally created considerable apprehension in Japanese industrial circles, particularly at Osaka where most of Japan's new industries are centered. According to the report in the *Mainichi* China will raise the duties on rubber manufactured products, sulphuric acid, and a number of other products, possibly including cotton textiles, paper and aquatic articles. The duty on rayon may be lowered as the present high duties have encouraged smuggling. Duties on certain raw materials needed by Chinese industries may be lowered and there also may be a revision of the export duty on certain articles with a similar object in view. It was due to Japan's apprehension on this subject that Minister Ariyoshi made his recent trip to Nanking, upon which occasion he also conferred with the British and French Ministers for the purpose if enlisting their support in bringing pressure on Nanking to prevent the new duties from coming into effect. The Japanese report alleged that the British and French Ministers also visited Nanking for the same purpose. Also it was claimed that the American Minister was not consulted because the United States is not affected by the proposed increase in Chinese duties.

Although Japanese officials generally express optimism regarding prospects for resumption of friendly relations with China there is an undercurrent of pessimism and apprehension. Katsuaki Nagaoka, special correspondent of the *Osaka Mainichi* who was sent to Shanghai to investigate the Chinese bankers with regard to a resumption of Sino-Japanese relations and who reported that the Chinese banks constituted a "weak-link" in China's anti-Japanese front (see *The Review* for Oct. 14), also went to Nan- and interviewed Wang Ching-wei. The interview published in the *Mainichi* on October 3 reflected more of the views of Correspondent Nagaoka than those of Wang Ching-wei, who, in his opinion, is still following a policy characterized as "opposition on one side and negotiation on the other." After explaining that most visible evidences of anti-Japanism have disappeared the *Mainichi* representative said, however, that whenever the Manchurian issue was mentioned all Chinese became immediately hostile and refused to consider a compromise. He said that this indicated a peculiar twist to Chinese psychology because the Chinese apparently could not dissociate the Manchurian issued from anti-Japanese. In concluding the interview, Nagoka said that the Chinese now believe that nothing is lost by looking at the Japanese with a smile, "but there is no guarantee that the present smile will not turn in future to some other kind of expression."

Another Japanese correspondent, Joji Harada, editorial director of the *Tokyo Asahi*, also made an extensive trip through China and reported his impressions (translation from *Japan Chronicle*, Oct. 1). He said that Manchuria constituted the stumbling block to a full re-establishment of friendly relations with China. To quote his exact words, "The Manchurian issue stands athwart the path of Sino-Japanese friendship.... As to a Sino-Japanese rapprochement, it is impossible unless the Manchurian issue is settled. There may be negative friendship between Japan and China, but positive friendship is difficult to attain so long as the obstacle of the Manchurian issue blocks the way. Efforts must be made to remove this obstacle." Continuing he said that Japan and China must decide to become friends or remain enemies and there was evidence that Nanking was desirous of following the friendship course. However, the the Tangku truce agreement cannot alone create friendship. Other obstructions must be removed and without offering any solution for the Manchurian issue he said there was a possibility that it might pass away "into thin air somewhat as the Tsinan incident of 1928 passed into oblivion with the lapse of time." In Mr. Harada's opinon the problem of preventing the spread of communism in China was of far greater importance than anything else, even the Manchurian issue, and in this connection made the significant suggestion that the suppression of communism might provide the way for a Sino-Japanese rapprochement, meaning by this that China might obtain Japan's assistance in fighting the Kiangsi reds. His exact words were, "Sino-Japanese rapprochement will gradually develop over this issue of joint resistance to the invasion of communism."

FANG CHEN-WU GOES ABROAD

Gen. Fang Chen-wu, former leading officer in the Christian General's Kuominchun army, who was responsible for the recent rebellion and disturbances in the northern Hopei and Chahar areas, has deserted his remnant troops and according to reports has gone to Tientsin where he is residing in a foreign concession. Fang was accompanied to Tientsin by his partner, Gen. Chi Hung-chang and both have announced their intention of proceeding abroad immediately. The circumstances surrounding their desertion of their troops indicated that financial inducements offered by the Peiping Military Affairs Commission was the deciding element. A report through *Reuters* on Oct. 17 said that Fang and Chi had been arrested as they tried to pass through the Government military lines, but a report through *Kuomin* stated they had "surrendered" because of the general hopelessness of their cause and after conferring with Gen. Shang Chen and other government military leaders had been provided with an escort to proceed to Tientsin. A telegram from *The Review's* correspondent at Tientsin, also on Oct. 17, stated that both Fang and Chi were residing in the French Concession. Both alleged their defeat had been due to withdrawal of Japanese support. Gen. Shang Chen has taken over their remnant troops, paying each private soldier $35 and each petty officer $10 with an extra bonus of $20 for each rifle handed over.

The disturbed situation in the Luantung area within the so-called demilitarized zone between Tientsin and the Great Wall is also being liquidated, according to reports from Tientsin which stated that the Chinese and Japanese authorities finally had reached an agreement for the dispatch of additional Chinese gendarmes into the area. A *Kuomin* report from Peiping on Oct. 17 stated that Col. Chou Lung-yuan, commander of the peace preservation units at Lutai, just north of Tientsin, had departed for Changli for the purpose of suppressing the bandit gang led by Lao Hao-tze (Big Rat) which had been terrorizing the area. The Japanese on three previous occasions refused to permit the Chinese to send police reinforcements into the area. A report in the *China Press* from Tientsin on Oct. 17 said that still further bandits were entering the zone from Manchukuo. Hsu Wen-chuan, a Chinese magistrate who had been driven out of the Huaijou district by Fang Chen-wu, returned to his post on Oct. 16. The *China Times* reported on Oct. 15 that Gen. Shih Yu-shan, another rebel commander who had been cooperating with the Japanese was still active in the Tientsin Japanese concession. He calls his force the "China Self Salvation Army."

Chiang Kai-shek Increases Price on Communists' Heads

General Chiang Kai-shek has increased the rewards offered for the capture of Communist leaders in Kiangsi. According to a Nanchang message in the *Sin Wen Pao* $100,000 will be paid to whoever captures Chu Teh or Mao Cheh-tung alive and $80,000 to any person who kills the two and brings the heads to Military Headquarters. $80,000 reward is offered for the capture of Fang Chih-ming, Shao Shih-ping, Kung Ho-chung, Lin Hiao or Tsai Wei-wen, all army commanders in the Red Army. If any one of them is killed and the head brought to headquarters, the killer will be paid $60,000. $30,000 will be paid for the arrest of any army or divisional commanders of the Red Army or any of the members of the Soviet Government in the Red District.

Government troops and Communists (some 30,000 in number) are engaged in a desperate struggle in the eastern sector of the Kiangsi front, where Chu Teh, the notorious Red leader, is making a supreme attempt to prevent the concentration of General Chiang Kai-shek's forces at road-heads. Chu Teh's 1st Army, moving at night and remaining hidden during the day, made a surprise attack on Lichwan, a thriving Kiangsi town near the Fukien border, about 110 miles south of Nanchang. Hand-to-hand fighting took place in which both sides used big swords. The attackers were finally compelled to retreat and as they made their way back to the hills they were followed by Government airplanes which poured a stream of machine-gun fire into their ranks.

The Reds are being rapidly expelled from north Fukien by the Nineteenth Route Army, according to recent despatches received from the front.

Due to the pressure of the Government troops from Lichuan, eastern Kiangsi, near the Kiangsi-Fukien border, the "Reds" at Taining, western Fukien, have retreated into the mountains.

According to military advices from Southern Kiangsi, the Communists, after having met with a serious setback in their attempt to seize a seaport in Fukien, are now making a determined drive against Lo-an, Chishui Yihuang and Yintang, in Southern Kiangsi.

Details of how a small garrison at Yenping, the gateway to Foochow, withstood a 24-day siege by Communists during September were revealed in a recent dispatch from Canton. The garrison fought valiantly against heavy odds during the entire siege, and gradually succeeded in breaking up the enveloping enemy forces.

Three destroyers of the Japanese Thirteenth Squadron arrived at Mawei, eight miles from Foochow, Oct. 13 as a precautionary measure following the unrest caused by the arrest of a Formosan constable and five of his friends.

Attacks launched by the "Reds" on Lichuan and Nancheng, eastern Kiangsi, from northern Fukien, were repulsed during the week by the Government troops.

General Liu Hsiang has issued an order for the mobilization of thirty brigades of Szechuen troops for the campaign against the Communists.

Five divisions of General Liu Hsiang's troops have received orders to proceed to Northern Szechuen. One division has been sent to strengthen the defence of Chungking and one regiment to Wanhsien. General Liu has appointed Wang Lung-chih commander at the front, with headquarters at Suiting.

Large quantities of military supplies which were shipped to Kiukiang from Nanking, have been transported to the interior of Kiangsi province by way of Nanchang, during the past fortnight, including four big field guns, several armored-cars and mortars, about 100 rifles and guns, 150 machine-guns, 5000 rounds of ammunition.

A dozen of motor-tricycles and large trucks have been sent to the interior to facilitate transportation on the recently constructed highways linking Nanchang, the provincial capital, with all important points on the east, south and west fronts.

Eighty military transportation corps, formed out of peasant coolies, were recently organized by General Hsiung Shih-hui, chairman of provincial Government at Nanchang. Each corps consists of 200 men. Their grand total of 16,000 forms a huge army of transportation forces, which is the only means of transportation over the rough, stony and narrow paths in the mountains of South Kiangsi. With special training, they were reported to have been doing a tremendous amount of transportation work, thus relieving very much the regular troops who usually do the carrying themselves on long distance marches.

The Reds in the Hunan and Kiangsi districts are now turning "grey" according to a telegraphic message from General Ho Chien, Governor of Hunan.

The Communists at Chunmenglin have received reinforcements for the defence of that strategic point against possible onslaughts by the Cantonese forces. It is the evident intention of the Communists to hold Chunmenglin at all costs as the Cantonese forces have now changed their tactics and it is learned that they will first attack Hueichang before marching on Chunmenlin.

Chefoo Paradise Contains Too Many Bars and "Girls"

(From a Correspondent in Chefoo)

The most attractive feature about this port is its excellent climate, hence it is not surprising there are numerous boarding schools and missionaries located here, and that the American Pacific Fleet favors the port during the summer months. The least attractive features are the numerous bars, restaurants and cabarets to be found everywhere with their gaudy signboards outside and tawdry furniture inside, and which cater entirely for the sailors—closing up their doors as soon as the fleet departs. Hundreds of cabaret girls and dancing partners are enticed here by these "caterers of pleasure" and try their best to earn a few dollars. This season however has been a very bad one for one and all. Owing to the sharp fall of the American dollar and the reduction of pay in the U.S. navy, one hears nothing but complaints on all sides and numerous girls are stranded and unable to raise a steamer passage. Fewer bar girls will do the place no harm, and tend to increase the number of other summer visitors, who do not wish to turn night into day.

Chefoo has changed but little during the last few years, though a number of well-to-do Chinese who have fled from Manchuria have built up new homes here. The town can now boast of some 40 automobiles, but the streets are so narrow that when two cars meet one has either to go on the side-walk or back up a side-street. As to the two attractive buildings, mention must be made of the new Chefoo Club, which though boasting of not many more than 50 members is now housed in palatial quarters and has its own Concert Hall capable of seating 500, besides numerous other airy rooms and a splendid terrace and four bowling alleys. It is a boon and a blessing to visitors of both sexes. The Navy Y.M.C.A. is likewise very well housed and commodious and gives cinema shows, concerts etc., all through the summer season. Trade conditions and prospects are anything but bright and the handful of foreign merchants complain one and all. The greatly increased Customs duty makes it nearly impossible for them to do any import business, whilst smuggling for this cause is greatly on the increase. Native craft from Dairen and elsewhere are running the gauntlet of a Customs cruiser and Customs launches and motor boats,—and are bringing to points along the coast quantities of sugar, piecegoods, rayon silk, kerosene, etc., and though there are are numerous seizures a great deal of cargo is safely landed without any duty being paid. The Customs are holding auctions of confiscated goods and are realizing several tens of thousands of dollars weekly. The total amount of cargo which is being brought to the Shantung coast in native junks must run into millions of dollars, for the inducement is great to smugglers, sugar for instance which is retailed in Dairen at 6 sen sells at Chefoo for 19 cents.

There is also a great deal of smuggling going on along the coast line between Dairen and Antung, for Manchukuo likewise levies high Customs duties on most goods. Junks load their cargo at the Free-port and work their way up the Manchurian coast. Customs officials there are now all armed and do not hesitate to fire. At Antung itself there is likewise smuggling activity on the part of the Koreans bringing contraband into Manchuria. The latter now find the game more difficult for in the time of the Chinese Customs none of the officers were armed; it is different now, for Manchukuo wants as much money as it can lay its hands on. Considerable bean-cake and timber trade exists between Antung and Chefoo, but prices soar very high, for Manchukuo collects an export duty, whilst the Chinese Customs insists on a full import duty being paid, as Manchuria is considered a foreign country. It is again the poor natives who are being mulcted.

Oct. 13, 1933.

Dictatorship in Japan Predicted by General Araki

FEARS that Japan is heading towards a dictatorship, in which the army will play a major part, have been aroused by statements attributed to General Araki, Japanese Minister of War, and Mr. Takahashi, Minister of Finance, last week.

> Mr. Takahashi said:—"If affairs continue to move in their present course, it is greatly to be feared that Japan will be dominated by a dictatorship. . . . In order to ensure the consummation of national defense, even financial readjustment must be sacrificed."
>
> General Araki said:—"Big changes are in store for the nation within the next three months. I predict that you will be amazed by the radical changes on all sides."

Predictions are being freely made by all the Japanese news agencies that the Saito Cabinet may fall shortly unless better progress is made toward an agreement. It was stated that Premier Saito, Finance Minister Takahahsi and Foreign Minister Hirota are at loggerheads with War Minister Araki and Navy Minister Osumi. Mr. Takahashi, from the financial viewpoint, and Mr. Hirota, from the international viewpoint, are described as in sharp opposition to the Araki-Osumi bloc, which stands for the absolute consolidation of national defense.

The conference of Ministers for the Foreign, War, Navy and Finance Departments to decide on the establishment of a unified policy for national defense and diplomacy with other foreign nations has been postponed until after the end of the Cabinet Council to consider the budgetary program for the next fiscal year, due primarily to the wide divergence to views between the War and Navy Ministries on the one hand and the Finance and Foreign authorities on the other. Though the Ministers hold the same opinion with regard to the prevention of hostilities with other powers as the main item of the national policy, opinions are divided among them as regards the concrete plans for the reorganization of Japan's diplomatic policy and also the execution of the replenishment program for the Army and Navy.

*
**

Definite assurance that the next fiscal year's budget will bring no tax increase to the people of Japan were recently given by Korekiyo Takahashi, Minister of Finance, in statements to news services and the leading vernacular papers. It was explained that State expenditures naturally will increase due to the fact that the Government attaches the utmost importance to national defense, but that the public has erred in believing that a tax increase was inevitable. "The time is not yet ripe for the Government to increase taxes," the statement said. "As I remarked at the last Diet session, farm economy has not yet revived and national purchasing power also has not increased. Therefore, the demand for industrial funds has not been aroused. However, postal savings deposits have begun to increase gradually, and the Deposits Bureau of the Ministry of Finance, which was once in financial difficulties, has been replete with money recently, and is going to buy bonds instead of selling them.

The Japanese Navy Office in a recent informal statement severely criticized a speech made by Baron Reijiro Wakatsuki, President of the Minseito and former Prime Minister of Japan, in a Minseito rally held at Nagoya in which the Minseito chief staunchly defended the London Naval Treaty, which he signed as the chief Japanese delegate. Baron Wakatsuki upheld the "success" of the London Treaty. The Navy office, however, felt that no one could deny that the treaty was decidedly a failure as far as Japan is concerned when viewed in the long perspective. Dealing with the technical aspects of the Treaty, the naval statement asserted that in order to make up for the failure to achieve Japan's demands in the matter of eight-inch-gun cruisers and submarines, Japan had to draw up a huge naval replenishment program requiring a tremendous amount of money.

The national loans of Japan at the end of September totalled Yen 7,405,702,000, of which Yen 5,984,491,000 were in the form of domestic loans and the remaining Yen 1,421,211 were in the foreign loans, according to a Foreign Office bulletin issued Oct. 10. Furthermore, the Government issued Finance Office bonds to the amount of Yen 160,000,000 and grain bonds of Yen 206,618,800.

The total of the new appropriations demanded by the Government Offices in addition to their standard appropriations for the 1934 budget, will reach Yen 1,400,000,000.

Following the departure of the *Kent*, the flagship of the British Asiatic Fleet, from Yokohama, a group of British submarines, led by the Depot-boat *Midway*, arrived there from Kobe Oct. 13.

The *North China Daily News*' correspondent in Tokyo points out that at the time of the visit of the British fleet the sale was intensively pushed of a new Japanese book by Lieut.-Com. Ishimaru which (stressed the inevitability of a war between Japan and England. One of the chapters is headed, "Awaken, British People, to the Perils That Confront You."

British Woollen and Cotton Trade Hard Hit by Japanese Competition

The Japanese Association of the Woollen and Textile industries has cabled representations to the Australian Minister for Trade and Customs, urging the Australian government to reconsider the proposed revision of tariff which the Association holds is seriously hampering trade between Australia and Japan. The Association points out that the annual trade balance between the two countries is usually in favor of Australia to the amount of Yen 100,000,000.

A suggestion that the British Government should take steps immediately to regulate imports of Japanese silk goods by quota, or, if necessary, by their total prohibition, has been made by the Joint Industrial Council of the Silk Industry in Manchester. The Council declares that many British workers are unemployed on account of Japanese competition. In view of the difference in economic conditions in the two countries it is impossible, says the Council, for British silk manufacturers to market their products at prices competing with those of similar Japanese goods. Half of the 50,000,000 spindles in the cotton factories of Manchester are now idle, reflecting the depressed state of the British industries.

The London correspondent of the *Osaka Mainichi* recently reported that more plants in Manchester stand like black ghosts, silent and tired, than are in operation. The reason is plain. Fifty per cent. of the 50,000,000 spindles of the city now lie motionless and covered with dust.

*
**

Japanese See Danger of Soviet Air Raids

Danger of an air raid by Soviet bombers in the event of a war between Russia and Japan is given as one of the many reasons justifying the Yen 620,000,000 military budget in a verbal statement issued last week by the spokesman of the Japanese War Office. He said: "Although there is a rumor of the establishment of four more divisions by the Japanese Army, it is absolutely unfounded. The urgent necessities compelling the War Office to ask for the contemplated appropriation are the maintenance of peace and order in Manchukuo and the augmentation of the defense of Manchukuo against possible foreign invaders in accordance with the Manchukuo-Japanese protocol. This step is necessitated as a consequence of Japanese recognition of Manchukuo, the change in the international situation in the Far East and the development in the armaments of the Powers' armies, especially the augmentation of Soviet Russia's military preparations."

Japanese steamers entering Vladivostok report that the Russian port authorities there regularly come on board and seal all telescopes, cameras and pistols, no matter whether they belong to passengers or members of the crew, with the evident purpose of preventing the leakage of strategical secrets concerning Red armaments on the warships afloat in the port of Vladivostok and vicinity.

The War Ministry's Idea of a National Policy

Notwithstanding the reported differences of opinion between the Ministers of War and the Navy and the Ministers of Foreign Affairs and Finance, the so-called Five Ministers' Conference is reported to have reached an

agreement in general regarding national defense and diplomacy as the result of three meetings during past two weeks. They will commence the discussion of practical measures at the next meeting unless some unexpected situation arises.

The War Ministry's idea of a national policy during the emergency period is reported to be as follows:

(1) National defense:—National defense needs immediate equipment for the protection of the nation in case of an emergency. This should be completed before 1936.

(2) Diplomacy:—Pacification is the first principle. Japan should avoid giving too much play to her diplomatic negotiations with China and should work for the elimination of elements which support the anti-Japanese campaign in China.

(3) Manchurian policy:—As the first principle, Japan ought to assist Manchukuo to become an ideal independent nation. The industrial development of Manchuria should receive Japanese support despite sacrifices in Japan's industry.

(5) Agriculture:—The government should encourage abundant production, revise the land and local taxes and control prices.

(5) Thought:—By revision of the educational systems, the government should revive Japan's original spirit, remove social evils and try to reject evil thoughts from outside.

(6) Finances:—Though the stabilization of finance is essential, it is quite impossible in a period like the present.

War Minister Sadao Araki attended the ceremonies of inaugurating a National Defense Society in Tochigi Prefecture week before last. A number of similar organizations have been formed in various parts of Japan recently.

***

Prefectures Ordered to Inspect "Thought"

In the name of the Vice-Education Minister, instructions have been sent to all the Prefectures urging the Government to establish in each prefecture a Society for the Study of Thought Problems. This is in accordance with the result of the investigation which has been conducted by Education Office officials concerned with provincial education.

The Education Department, in the name of Vice-Minister of Education, has issued instructions to the local Governors pointing out the necessity of preventing and suppressing the extreme Left movements and keeping a vigilant eye on them. At the same time, it says, a deep study must be made of the causes of the spread of such subversive ideas and appropriate measures must be devised for combating their dissemination.

The Thought Policy Committee, which has been studying measures for social reform, has made various recommendations with a view to relieving the insecurity of living among the masses. Among the recommendations are: Increase and improve the employment agencies so that they can give fuller play to their functions; reform and improvement of the educational system to be studied with a view to preventing unemployment among the intellectuals and alleviating the difficulty of securing employment by them; settlement abroad or in other parts of the country to be encouraged.

Of 247 persons rounded up by the police throughout Okayama Prefecture on December 12 last, thirty-one have been formally indicted on a charge of "thought" offences. The ban on mentioning the case was lifted last week. Among the indicted is a girl named Toshi Tokimi, aged 21, a daughter of a retired lieutenant-colonel.

The *Japan Chronicle* (Oct. 8) comments:—It is interesting to find that the Thought Committee are beginning to think dangerously themselves. In all Socialist and Communist thought, the basis of the whole scheme is that the masses are so badly off that they must inevitably try to better their position by upsetting the existing regime and starting a new one for themselves. The "Rightist" view is that they must be kept in their place and have no right to make any such effort. To acknowledge that the conditions of their lives drive people into revolutionary and subversive movements is to meet Communism half-way. However, the Committee have gone half-way, and fully recognise that evil circumstances and want are two great incentives to a desire for a fundamental change in the system of government. They accordingly recommend that everything possible be done for the alleviation of unemployment, and that jobs be found for the intellectuals in particular, who, above all, feel that the lack of suitable employment is a grievance, and who also make the most dangerous "thinkers."

A Communist Electrician Contrives "Death Rays"?

Ichiji Esaki, an electrician graduated from the Waseda University this spring, who has remained in custody of the Metropolitan police since his arrest some time ago on a charge of being engaged in designing a wireless transmitter capable of communicating with certain stations of the Soviets, has confessed that the Communists had tried to make use of his skill in other directions. Besides the designing of that equipment, the task imposed on him by the subersive Party was the invention of the following three apparatuses, for which purpose the Party is alleged to have approached him to contrive an apparatus producing death rays to turn against policemen when the Communists' hiding place are raided; an apparatus capable of conveying orders from headquarters to junior branches without making the voices audible to the public; and also an apparatus for directing powerful rays against policemen to escape their arrest when Communists are attacked by them.

On suspicion of diffusing red ideas among fellow-soldiers, five soldiers of the garrison infantry regiment of Hirosaki have been put under examination by the local gendarmerie.

Over 20,000 people were challenged and about 6,500 searched by the police during the special general police vigilance laid throughout Hyogo Prefecture on a recent night, up until early in the following morning, resulting in the arrests of over 200 suspicious persons. Of 62,582 challenged, 11,443 people were searched, and 133 arrested.

Farmers' Leader Preaches Violence at His Trial

Kozaburo Tachibana, the leader of the "Farmers" Death Band," the little group of civilians who cooperated with the naval officers and cadets in the May 15 outrages, when Premier Inukai was murdered dramatically expounded his philosophy of the soil when he was brought up for trial Oct. 13. Tachibana said that agriculture and the soil, the farming communities and honest toil on the land, are the basis of the future salvation of Japan. He bitterly denounced the present educational system of Japan as laying greater value on diplomas and turning out athletes, than on building up the character and practical ability of the student. In his explanation of why he and his disciples had resorted to violence Tachibana said that they believed that only by violence could the present social, political and economic systems of Japan be overthrown, and agriculture be restored to its proper place.

A So-Called "Converted" Communist "Backslides"

Takuichi Ikumi, former professor of the Nihon University, has been placed under examination by the Metropolitan Police Board on suspicion of again engaging in the organization of a Communist movement. Mr. Ikumi was once arrested on a similar charge two years ago, but later liberated on account of his "conversion" from communism. Among the persons indicted on a charge of being implicated in the recent Communist case of Okayama is found the son of the former chief secretary of the Cabinet, Kazuo Shibata. Kazuo is alleged to have taken part in the case as a financial organizer of the movement soliciting contribution from students of the local high school, middle schools, normal schools and girls' schools.

In consideration of his conversion from Communism, Teppei Kataoka, a former Leftist novelist, has been liberated from the Osaka prison after serving two-thirds of his two years' sentence.

Chiang Kai-shek Solicits Views on Provincial Administration

The views of seven provinces on the proposed revival of the system of Provincial Governorships are being solicited by General Chiang Kai-shek, President of the Military Affairs Commission, in identic communications to the Chairmen of the Provincial Governments of Honan, Hupeh, Shensi, Kansu, Anhwei, Kiangsu and Kiangsi.

In his communcation General Chiang Kai-shek expresses agreement with some of the views contained in a proposal made by General Chang Chun. One question in particular, General Chiang says, should receive careful consideration—namely, whether or not the present Committee system permits the amalgamation, into one Provincial Administration, of the Provincial Government and the various Provincial Departments; if the answer should be in the negative, then the question arises whether the affairs of the province should be in charge of the various Department Commissioners, or whether the various official documents should be handled and dealt with personally by the Chairman of the Provincial Government.

Soviet-Japanese Tension Grows as C.E.R. Issue Remains Unsettled

THE squabbie between the Soviets and the Japanese over the Chinese Eastern Railway continues to be confined to the giving out of frequent interviews, communiques and reports by both sides, couched in sharp and not infrequently insulting terms. There is no immediate prospect of a resort to arms by either side. General Asaki, Minister of War, in a press interview in Tokyo Oct. 13, declared that Japan had no intention to fight the Soviets. The Soviets have made no declaration of any kind recently. It will be recalled that the Soviet army leaders about half a year ago declared that the Soviets were determined to resist any invasion of their territory—nothing was said about the Chinese Eastern Railway. At least for the present there is no prospect of the dispute going beyond the talking stage. The amenities in this respect were exemplified as follows:—A Japanese spokesman remarked, "As both brave dogs and coward dogs bark a lot, we must await developments before deciding which the Soviet is." This Japanese comment followed an editorial in Moscow *Pravda* in which the Japanese had been referred to as "usurpers caught red-handed." In the meantime the Japanese (through the "Manchurians") daily tighten their grip on the railway line. For practical purposes the Soviets have lost control of the railway long ago.

Fresh incidents arising out of the continued aggressiveness of Japan-Manchurian authorities striving at the complete elimination of Soviet railway employees, are reported in the Soviet telegrams daily. An outstanding example was when the Manchurian assistant-manager of the C.E.R., Chang Min-che, revoked the order of the Soviet assistant-manager, Tolstov, concerning the appointment of the new head of the locomotives depot at Manchuli station, Levitsky, and appointed to this post a Manchurian nominee. In response to this, the manager of the railway, M. Rudy, revoked the order of his Manchurian assistant, and filed with the board of the C.E.R., a report stating that Chang Min-che's illegal actions were undermining the discipline of the staff, and disorganizing the work of the railway. The situation was further aggravated ,Oct. 17 when the Manchukuo gunboat *Lin Min* steamed into Harbin with three alleged Ogpu spies aboard, one of tnem a uniformed soldier and the other two civilians. The Manchukuo authorities assert that the men were arrested in Manchukuo territory in the vicinity of Taheiho, on the Manchurian bank of the Amur, opposite Blagoveschensk. The arrival of the three men in Harbin was the signal for a fresh exchange of protests between the Soviet Consul-General, M. Slavutsky, and the Harbin representative of the Manchukuo Foreign Office.

Japanese Say Soviets Have Over a Million Men Under Arms

An announcement by the Japanese War Office Oct. 16 stated that the Soviet army has a peace-time strength of no less than 1,290,000 men, fully armed and equipped with the most powerful and up-to-date weapons and war material. Organized into 75 infantry divisions and 13 cavalry divisions, this huge and well-trained land force is backed by 2,500 aircraft, 1,500 tanks, a large number of armored cars, and a chemical unit. Thanks to the remarkable development of heavy industries in the U.S.S.R. during the past few years, the Soviet army, the statement asserts, "is now far superior to that of the Tsarist regime in material and quality, as well as in numbers."

Three hundred tanks are said to be distributed among the various divisions, while the bulk of the aircraft, totalling some 350 including 40 heavy bombers, are reported to be based on Vladivostok and Nikolsk, the nearest points to Japan and Korea. It is further reported that the Soviets have been carrying out secret maneuvers off Vladivostok with six modern submarines, and also that six more are now being fitted out. The War Office statement singled out the Soviet "chemical unit" for special mention.

Soviets Sending Reinforcements to Frontier Regions

Trains fully laden with Soviet troops are being rushed to the frontier regions of Western and Eastern Siberia, according to foreign travellers arriving in Harbin, Oct. 14. from Europe.

It is reported that Japanese and Manchukuo troops are concentrating at Mukden, Changchun and Harbin, apparently as a precautionary measure—ostensibly preparatory to the bandit drive.

Manchukuo is stated to be concentrating troops in the vicinity of Hailar, on the western section of the Chinese Eastern Railway, 110 miles from Manchuli, on the frontier.

Allegations that the Soviet was strengthening its frontier defences was made by Major-General Okamura, vice Chief-of-Staff of the Kwantung Army, following his arrival in Dairen, Oct. 15, on a visit. The Kwantung Army was not disturbed, however, he said, because Russia would be in no position to declare war before the completion of her second five-year industrial plan.

According the official *Central Daily News* (Nanking) a report "from Mongolian sources" Oct. 14 stated that the Kwantung Army has been instructed to organize a force of 30,000 Mongolian cavalry within two years. The report alleged that the projected cavalry force is intended for use against Soviet Russia.

Categorically denying the Soviet reports on the alleged disclosure of General Hishikari's letters, a Secretary of the Japanese Embassy to Manchukuo regretted the matter, incidentally characterizing the publication as "a ridiculous Soviet action," especially in view of the fact that Japan is now acting to mediate the Soviet-Manchukuo railway negotiations.

The tension between Japan and the Soviet is causing growing uneasiness in France. The vaster and more complex Pacific problem lurks behind the Russo-Japanese question, *Le Temps* stated Oct. 12.

Japanese Intend to Seize Railway Without Payment

Commenting editorially on the increasing tension in the relations between Japan and Soviet Russia, the *Shun Pao* observes that the two countries are apparently heading towards warfare, though hostilities may not break out for some time to come. The journal comments that the readiness of the Soviet Government to part with the C. E. R. has not only failed to smooth her relations with Japan, but has further encouraged the latter in her provocative activities. The objective of Japan is apparently to seize the railway without paying a single cent to Soviet Russia.

The *Sin Wen Pao* comments:—"It is wrong to suppose that China should remain neutral in case of a Russo-Japanese clash. It will be remembered that, during the last Russo-Japanese War, China was misled by the belief that China should help Japan because the two peoples belong to the same race. China even looked on while the war went on in Chinese territory without doing anything to prevent it. Now, if war should break out between the two countries mentioned, it will again be fought out in Manchuria, which is Chinese territory. It is an absolute mistake that China should see foreigners wage war on Chinese territory. We committed a mistake last time, we must not repeat the same blunder this time. Should Soviet Russia come out victorious, Manchuria would be a prize of war for Soviet Russia, like Tsingtao was for Japan after the European War. The forthcoming clash between Soviet Russia and Japan offers a chance for China to recover her lost territory."

Moscow *Izvestia* Oct. 11 commented: "The attempts made by the Japanese press, immediately after the publication through *Tass* News Agency of Japanese official documents, to subject to doubt the authenticity of these documents, are ridiculous, and tend only to show the complete embarrassment of the interested circles."

Russians Use Japanese Cement to Build Forts—Embargo Contemplated

Reports in official circles in Tokyo stated that the Japanese government may order all major Japanese cement exporters to stop the export of cement to Soviet Russia on the ground that the Soviets use the shipments for building fortresses in the Far East.

According to the Japanese gendarmerie, the Soviet commercial agent in Tokyo ordered 30,000 tons of cement from the Asano Cement Company a fortnight ago for the construction of fortresses and trenches around Vladivostok. The gendarmerie headquarters said that almost all cement exported to Soviet Russia so far has been used for the same purpose.

Disorders in Manchuria Hurt Trade with Foreign Countries

According to the official trade returns announced by the Manchukuo Department of Finance Oct. 16 exports during 1932 amounted to Tls. 394,969,000, while imports were valued at Tls. 192,991,900, leaving an excess of exports totalling Tls. 201,977,170. Compared with 1931 exports showed a decline of Tls. 78,899,871 and imports fell by Tls. 25,957,072. *Rengo* says the trade diminution was due mostly to the disorder prevailing after the founding of the new State. Other contributing causes were the poor harvests, the decline of trade with China and the great increase in smuggling before and right after the taking over of the customs administration by the new Government.

It is reported that the Manchukuo government is planning a large-scale purchase of soya beans, as well as a number of other Manchukuo products, in an attempt to peg falling domestic commodity prices. The soya been price has been steadily declining for some time, due to anticipation of a bumper crop and increasing difficulties of transportation.

The Japanese scientific expedition to Manchuria and Mongolia, consisting of sixty prominent Japanese scientists headed by Dr. Tokunaga, arrived in Changchun Oct. 12 from its two months' trip through Jehol Province.

Dr. Chao Chin-po, Chief of the Legislative Yuan of the Manchukuo Government, visited Tokyo during the week on a special mission from his government to study the compilation of the Constitution of Manchukuo.

The Laho-Harbin railway, to be 261 kilometres long, is almost completed and is expected to begin service before the end of this year at the latest.

The regular train service between Seishin, on the northen border of Korea and Hsinking, the capital of Manchukuo, which is the shortest route connecting Japan with Manchukuo, was inaugurated Oct. 13.

The first through train across Korea and Manchuria, from Seishin by the North Korean Railway line to Hsinking by the newly opened Hsinking-Tumen line, arrived at October 17 carrying a capacity crowd of passengers.

The Public Works Department of the South Manchuria Railway Co. has been granted an appropriation amounting to Yen 4,800,000 by the Board of Directors. Among the new enterprises is included the construction of a new railway hospital for Harbin, which alone costs 300,000 yen, the work to be completed during next year. When completed, this new hospital will have accommodation for sixty patients.

Reforms in Kwantung Army and the S. M. R. to Serve as Basis of Manchurian Policy

The Japanses Kwantung Army authorities have completed drafting plans defining the duties of the commander-in-chief of the Kwantung Army as well as the structures of its Special Service Section and the South Manchuria Railway Company. The proposed reforms are to serve as the basis of Japan's future policy towards Manchuria and are understood to include a provision that the power of supervisions over the commander-in-chief of the Kwantung Army should be vested solely in the War Minister or the Premier. The powers of the Special Service Department, which is the central organ for matters concerning development of industry, are to be expanded and the administrative affairs of the South Manchuria Railway Company, which are subsidiary to its business activities, are to be given up, and the company is to be reorganized into a purely commercial organization.

Japanese Soldiers Massacred by Bandits Near Yangshan

It was announced in Mukden Oct. 14 that 23 Japanese soldiers, headed by Sub.-Lieut. Itoh, who had been engaged in bandit suppression around Yangshan since October 9, were killed in action by insurgents. Soon after they left their base beginning of last week, they encountered about 600 bandits. The situation was unfavorable for the Japanese and all were killed.

Manchukuo Police in Collusion with Bandits

The Russian newspaper in Shanghai, *Kopeika*, in a recent issue stated that the negtoiations carried on by the Polish Consulate in Harbin for the release of a child by the name of Tanaeva, held by bandits only a short distance from Harbin, indicated that many of the Manchukuo police were working in collusion with the bandits in that area, as nearly every time preparations were made for a raid on the bandits in their lairs, (which they changed from time to time,) the bandits seem to have received advance notice of the contemplated raids, and thus the subsequent raids, when made, proved abortive.

Germany Withdraws from League ---Another European War?

GERMANY threw a bombshell into Geneva Oct. 14 by announcing her withdrawal from the League of Nations and the World Disarmament Conference. President Paul von Hindenburg has decreed the dissolution of the Reichstag and has called for new elections on November 12 as a means of obtaining the country's attitude on these issues. A proclamation was issued by the German Government in which it was stated that "Germany would no longer sign agreements which would only lead to perpetuate Versailles, thereby ruining the civilized states of Europe."

It is believed that the final decision to withdraw was made by President von Hindenburg, who was unable to agree to Germany not being placed in a position of arms equality with other nations.

The election in Germany on November 12 may mean the abolition of the office of Reich president. President von Hindenburg may resign in favor of the ex-Kaiser. Among Nazi quarters, however, there is little enthusiasm for a monarchy.

Germany Stated to Be Enthusiastically Preparing for War

Alfred Duff Cooper, Financial Secretary to the British War Office, asserted Oct. 16 that Germany has been and is preparing for war. This statement was made during an address to the Westminster Junior Imperial League. Never in the history of the world has a whole nation prepared for war with the same unanimity and the same enthusiasm that is now inspiring the German nation, Mr. Cooper said.

In a prominently displayed article the London *Morning Post*, of Oct. 14, linking the western political crisis that has grown out of the efforts at Geneva to prevent Germany from re-arming with the situation that is growing up between Soviet Russia and Japan, declares that many officials at Geneva believe that war is inevitable. With Germany refusing to yield from her position on disarmament and the tension growing between Japan and Soviet Russia, the *Morning Post* said the League of Nations was confronted with the most serious crisis in its history. There are grave fears at Geneva that a serious crisis is near, the correspondent continues. While he did not say that the present situation had in it the making of another world war, the implication was there.

Some of the statesmen at Geneva have voiced the opinion that Germany's action had served to emphasize world desire for peace and that under no consideration should the Arms conference discontinue its sessions permanently because of Germany's stand. The Disarmament Conference Oct. 15 reached a decision that there should be no sine die adjournment of the Disarmament Conference, but recommended that the general commission adjourn for a week or 10 days to permit delegates to consult their governments and the governments to consult one another.

Germany and Japan Drawn Closer Together

Authorities on the situation in the Far East express the opinion that Germany's withdrawal from the League of Nations will greatly stimulate Japan's projects for additional naval construction and also will deepen the recent tendency towards a rapprochement between Japan and Germany as twin rebels against the League.

The Japanese Foreign Office in an official statement Oct. 16 said the League of Nations, which had suffered a set-back through Japan's withdrawal some time ago, has again lost one of its most influential members; Japan finds no reason to revise her foreign policy through the withdrawal of Germany, regarding the League of Nations or the Disarmament Conference.

The Japanese War Office authorities are described in a *Rengo* message Oct. 15 as being sympathetic to the German demand for the equality of armament for Germany with that of Great Britain, France and Italy, being of the opinion that by Germany's separation from the League and the Conference the other countries of Europe are placed in the position where they can not make any further cuts in their own armies in the face of German military expansion and as a result the Disarmament Conference will see its end without reaching any fruitful result.

Mr. Shigemitsu, Vice-Minister for Foreign Affairs, in a statement to the press in Tokyo Oct. 15 said Germany's action would not affect Japan's fixed policy regarding the League of Nations and the Disarmament Conference. The Minister of War, General Araki, is quoted as having declared that Germany's action, "though understandable, is further proof of the League's incompetence."

A *Rengo* message from Tokyo Oct. 16 stated:—As regards Franco-German relations, the Japanese Foreign Office thinks that they will turn for the worse, and in the future France will find herself in a very difficult position in dealing with Germany. Although the Japanese Foreign Office believes that Great Britain will take the lead in the soothing of Germany, it does not think she will be influenced by Great Britain's continental policy.

Ryusaku Endo, Director General of the Affairs Board of the Manchukuo Government, in an interview Oct. 16 said the action of Germany was only natural, adding that no international cooperation could be expected unless, the national existence of the country is safeguarded. "In the case of Japan's withdrawal from the League, some time ago, it was quite reasonable for Japan to do so, and the League has already lost a greater part of its significance of existence, because of its unreasonable attitude, as it had been manifested toward Japan at the time of her withdrawal." Mr. Endo commented.

Chinese Press Comments

Various causes are attribted by the Chinese press to Germany's decision to withdraw from the League of Nations as well as the Disarmament Conference.

Thus, the *Chen Pao*, in an editorial, remarks that the decision to withdraw from the League and the Disarmament Conference has been virtually forced upon Germany by France and Britain. While Germany demands equality in armaments, France clamors for national security. The compromise suggested by Britain, while giving concrete guarantees of security to France, gives Germany only a vague principle of equality. Germany therefore must leave the League and the Disarmament Conference so as to frustrate any further attempt on the part of France and Britain to use the League as a convenient tool against her. The chief cause for Germany's decision lies in the friction between the nationalist senciments in Germany on the one hand, and the policy of Britain and France to keep Germany and Austria apart.

The *Chung Hua Jih Pao*, however, remarks that Germany's withdrawal from the League and the Disarmament Conference appears to be actuated by four reasons. Firstly, due to the virtual failure of its domestic policy, the German Government under the direction of Chancellor Hitler is devoting its efforts to the reorganization of its foreign policy with a view to diverting public attention in Germany from domestic affairs. Secondly, Germany has taken this step because she knows that the Member-States of the League, as in the case of Japan's withdrawal, are not in a position to intervene. Thirdly, Germany knows that the policies of the various Great Powers vis-a-vis Germany are far from unanimous. Finally, Germany's decision is prompted by the armament race between nations in recent months. This armament race, the journal points out, is a direct result of the failure of the World Economic Conference.

Soviets Make Pharasaical Comment

In a message addressed by the Chairman of the Council of People's Commissaries of the Soviets M. Molotov, to Lord Cecil, in reply to a request from the latter to express the opinion of the Soviet Government, in connection with the session of the international group for the discussion of the problem of disarmament, said that general disarmament, in the opinion of the Soviet Government, remains the only effective guarantee of peace. "For more than ten years," wrote M. Molotov, "the Government of the U.S.S.R. has never ceased to propose consistently, and quite irrespective of the rapidly changing international situation, general disarmament, as an effective guarantee of peace."

Moscow *Izvestia* comments:—The result of the German withdrawal from the League of Nations and from the Disarmament Conference means the complete bankruptcy of the League of Nations, scandalous failure of the disarmament conference, and a serious threat to the pact of four powers, creating together the bankruptcy of the whole system of relations among the capitalist powers."

Foreign Powers Protest Against Assaults

Four Powers (U.S.A., Great Britain, Holland, Spain) served notice on Germany Oct. 11 that assaults of their citizens must cease or the most serious consequences concerning relations between their countries and the Reich may result. Over 40 cases of assaults on American citizens were mentioned. Germany had received previous representations from Switzerland, Poland, Russia, Austria and Czechoslovakia.

***

All German engineers employed by the Soviet have been ordered to leave Russia forthwith. They will be replaced by French engineers.

Four Brown Shirts responsible for the recent attack upon the archivist of the British Embassy and a Swiss citizen were sent to a concentration camp Oct. 13.

Charles T. te Water, High Commissioner for the Union of South Africa in London, in winding up the current session of the Assembly of the League of Nations, at Geneva Oct. 11 said the world was demonstrating its innate powers of recovery despite the ineffectual efforts of politicians and economists.

Stanley Baldwin, Lord President of the Council in London, Oct. 12 delivered a speech reviewing the activities of the British Government. Speaking on disarmament, he said that Britain had reduced its armament plan for Geneva, but could go no farther along said path as the security of the British Empire forms the rampart of world peace.

Chancellor Hitler Oct. 17 summoned all important Nazi leaders to Berlin for a series of conferences, to acquaint them with the policy for the coming week.

A German journalist representing Nazi newspapers publicly insulted Arthur Henderson, president of the Disarmament Conference, in front of the Disarmament building in Geneva, Oct. 17.

Former Chilean Consul Makes Hurried Departure from Shanghai

Carlos Becerra, former Chilean consul-general in Shanghai, departed last week enroute to Chile. Mr. Becerra was mentioned last week in the fraud case now being tried in the Second Special District Court as having been approached by Dr. J. Serbousek with the idea that he could give the doctor a license to operate a gambling house in the French Concession. Dr. Serbousek mentioned him as being a local "big fellow."

In a letter to the newpapers, published after his departure, Senor Becerra said that as the matter was *sub judice* he did not wish to make any comments, and as regards his leaving it was done in the ordinary course of routine and he was returning to his country to receive instructions as to the next post he was to take up.

Dr. Serbousek Insists the Money Was for a Gambling House

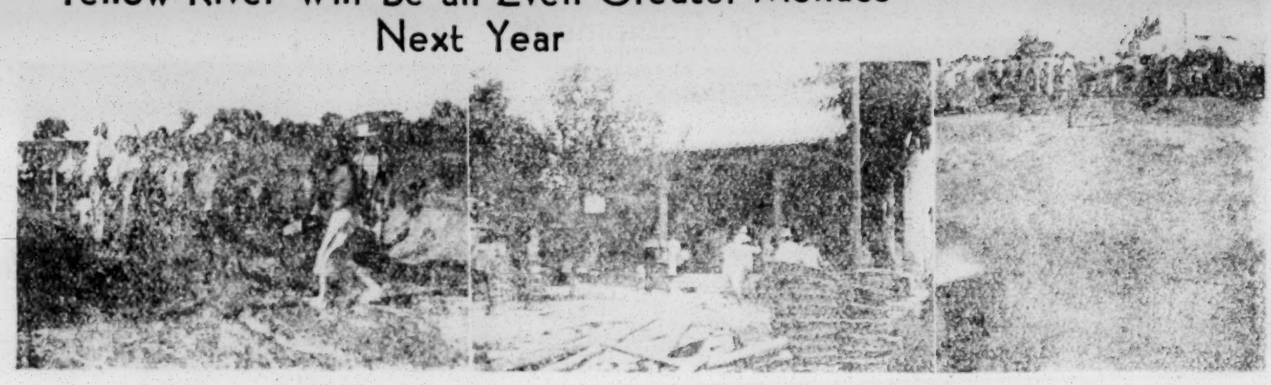
At the continuation of his trial in the Chinese Courts of the French Concession Oct. 17, Dr. Serbousek insisted that he received $17,000 from M. Wong, complainant, for helping Wong to secure police protection in running a gambling house, and that he signed an alleged agreement to open a hospital, with receipt of $100,000, through trickery.

China the Victim of Illicit Opium Traffic

China is the principal victim of the illicit traffic in opium with its derivatives, according to the monthly report of the Anti-Opium Bureau published in Geneva, Oct. 10. The report says that the number of drug addicts in China is growing daily "owing to the quantities of drugs smuggled from the foreign concessions and settlements as well as from clandestine factories." The chief source of the illicit supply, the report declares, is Japan and it adds that narcotics paved the way for the conquest of the Three Eastern Provinces.

The Kobe authorities were recently informed by the Calcutta Customs that among the cargo unloaded there from the O.S.K. *Honolulu-maru* some time ago were discovered two beer cases containing prohibited drugs worth Yen 650.

Yellow River Will Be an Even Greater Menace Next Year



Temple of Yellow River Gods.—The temple shown in the center picture—which was built at the beginning of the Ching Dynasty just after Kaifeng city was inundated the first time—is situated at Hekangkow dykes of the Yellow River, 25 li north of Kaifeng city. During this summer when the dangerous rising of the Yellow River was just over, more than 100,000 people came here to express their thanksgiving to the Gods, and it was said that the cost of the incense burnt there was quite enough to build dykes to prevent further flooding of the river. It is interesting to not that the site of the temple is the only place to inundate Kaifeng city when China's Sorrow bursts through its dykes. There would be no danger to Kaifeng, in case the river burst a few li either below or above the temple.

Worshiping the Yellow River Gods.—The two pictures (one on each side of the picture of the temple) show the Kaifeng people going to the temple to worship the Yellow River Gods when the recent Yellow River flood was on the wane.

(From the Review's Correspondent at Kaifeng)

Chen Pan-ling, member of the Honan Provincial Kuomintang, former head of the Yellow River Conservancy Bureau of the province, recently stated to local pressmen that China's danger lies in the following four colors, namely, black (opium), red (Communists), white (imperialism), and yellow (Yellow River).

Concerning the Yellow River menace, Mr. Chen said that the danger of flood in the Yellow River valley next year will be greater than this year for the following reasons: (1) It is natural that the bed of the lower course of the river has become much higher than that of the upper, as more than eleven places burst through the dykes in East Honan and South Hopei this year, and (2) the water of the Yellow River cannot flow smoothly, as it did, as a large quantity of big stones have been thrown into the river this summer at the Iron Bridge in order to protect the latter. For these two reasons, the Yellow River, Mr. Chen continued, may burst its dykes next year in either East Honan to pour into Chiang Huai, or in North Honan, to pour into Tientsin and Taku, and if the preliminary precautionary measures are not taken in the meantime, innumerable lives will be lost and many properties will be damaged. Finally, Mr. Chen declared that preventing the Yellow River flood is much more urgent and important than any of the other works in the country, but the Central Government still does not agree to allot some of the American Wheat and Cotton Loan, or of the Boxer Indemnity to repair the dykes of the Yellow River, as they feel that such an expenditure would not be of a productive nature.

In order to prevent further Yellow River flood in future, the five gates of the city which were torn down when Marshal Feng Yu-hsiang was in Honan, have begun to be rebuilt by the local political authorities, and the city wall, about 40 li around, is to be repaired.

General Liu Chih, chairman of the province, has telegraphed the Central Government to allot money to repair the dykes of the Yellow River which were burst this summer.

General Liu Chih Interviewed

General Liu Chih, chairman of the province, who left here at the end of last month, to inspect political conditions and the livelihood of the people in South Honan, has returned to the city. Interviewed, General Liu says that the Provincial Government will make the magistrates of the province remain in their positions as long as possible, and they will not be released unless they commit big blunders. Regarding bandit-suppression, General Liu states that a big gang of bandits, under the leadership of Yang Hsiao-he, or "Small Black Yang," about several thousand in number, have recently rushed back into the province from Anhuei, and are now disturbing Hsiangcheng and its neighboring districts. General Liu denies that the Yellow River Conservancy Bureau of the province will be abolished. Finally, General Liu declares that the two airplanes which are bought by the Honan Provincial Government to contribute to the Central Government, will soon arrive here, and that the famine relief funds, allotted by the Central Government, have not yet come.

Military Movements in the Province

General Chang Fang, commandant of the 20th route army, who is now stationed with his army at Loyang, West Honan, has been ordered to move towards Hsuchang Central Honan. General Feng Chin-tsu, General Yang Hu-cheng's man, will come to fill the empty garrison field, left by General Chang.

General Kao Kwei-tze, commandant of the 84th division, arrived here recently to visit General Liu Chih, to consult with him concerning some important affairs. General Kao is now stationed with his army along the Ping-han line from Fenglochen, South Hopei, to Hsuchang, Central Honan. His chief headquarters are established at Sinhsiang, North Honan, at the juncture of the Taoching and Pinghan lines.

The local public safety bureau has recently announced that recruiting new soldiers in the city, capital of the province, is strictly prohibited, acting on the instructions of General Chang Kai-shek.

Kaifeng, October 15, 1933.

***

Three Million Flood Refugees in Southern Hopei

According to an official report from the flood regions in Southern Hopei, there are no less than 3,000,000 refugees still left without any means of subsistence, most of them living in the open. This number includes those in the districts of Changhuan, Tungmin and Puyang but not those in the flood regions in Western Shantung. Serious disease has broken out in Southern Hopei and it is feared that many refugees there will die either from starvation or disease. It is understood that the Government has appropriateed $4,000,000 for relief work among the flood refugees.

The Yellow River Flood Relief Commission, in identic communications to the Provincial Governments of Hopei, Shantung and Honan, has instructed that the dykes along both banks of the Yellow River be raised to a height one metre above the highest watermark this year.

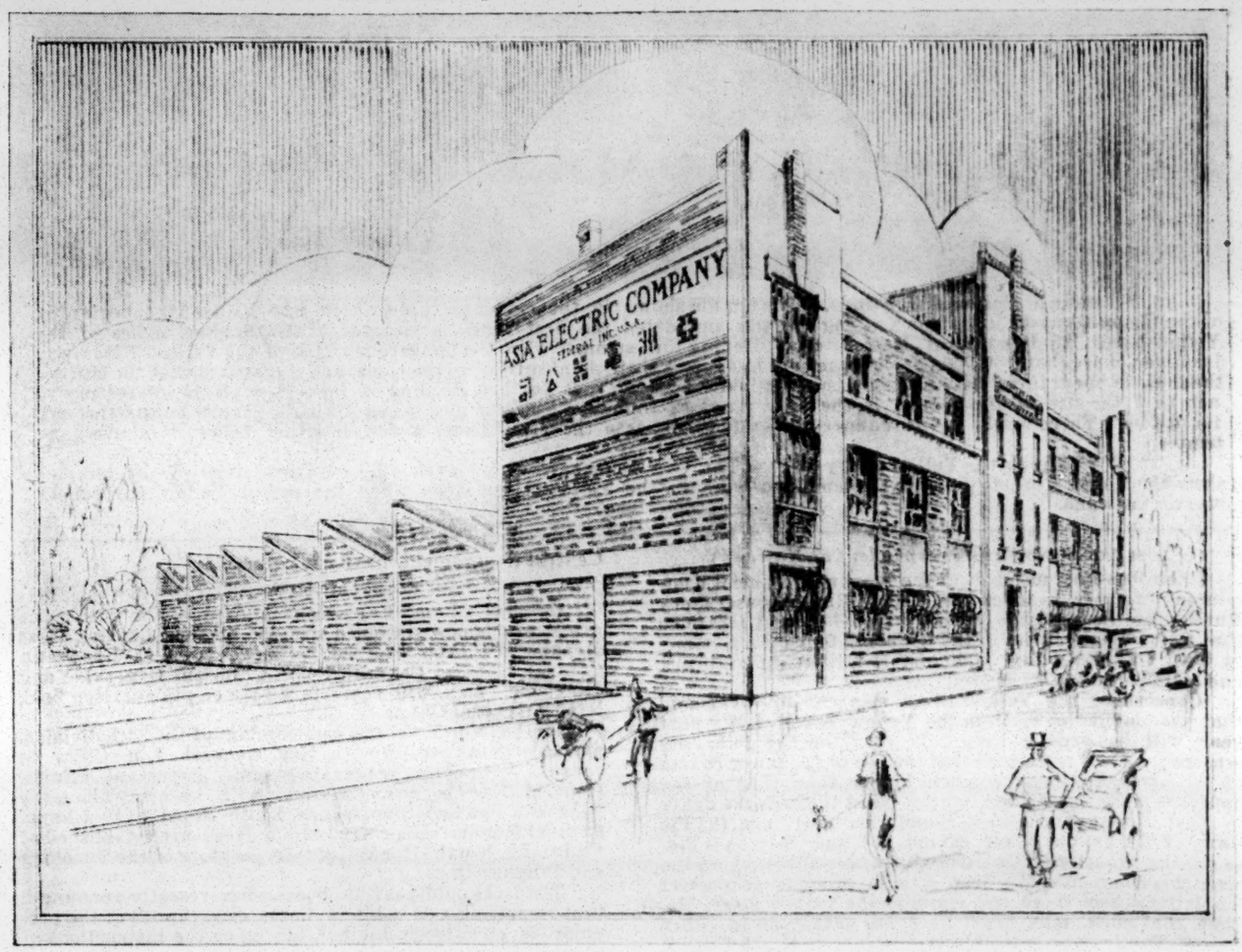
The Shantung Provincial flood Relief Committee has despatched 29,000 suits of cotton-padded clothing to Punsien, Fanhsien, Shouchang, Yangku and Tunga (on the northern bank of the Yellow River in western Shantung), and 19,000 suits to Kuyehhsien, Tsaochowfu and Chiansiang (on the southern bank) for distribution among the flood refugees.

Death Sentence on Woman in Shanghai British Court

Sentence of death was passed on Katherine Hadley (by birth a Latvian) in the British Supreme Court, Shanghai, Oct. 18 for the murder of Captain Youngs, a British subject, by naturalization. Judge Grant Jones stated that the jury's recommendations for mercy would be forwarded to the proper quarter.

Asia Electric Company Supplies China's Growing Demand for Equipment

By Tryphon Ku



The above is an exterior view of the new factory building of Asia Electric Company at 45 Hochien Road, Shanghai

Electrical enterprises form an important part of recent industrial developments in the world, and Shanghai is keeping up well with the times. A new factory has just been built in Shanghai by the Asia Electric Company to meet the steadily increasing demand of a growing China for electrical machinery, supplies and appliances. The factory is entirely modern and is located at 45 Hochien Road. It contains Radio and Sound Department, Testing Department, Die Department, Wiring Department, Insulating Department, Machine Shop and Paint Shop—with up-to-date instruments and methods, also a newly-established dry cell factory, which is located at the north-western corner and its products will be ready for the public in the near future.

The Asia Electric Company has manufactured and installed radio communication equipment for The China National Aviation Corporation's stations at Shanghai, Nanking, Kiukiang, Hankow, Ichang, Wanhsien, Hsuchow, Tsinan, Tientsin and Peiping, and for the Central Bank of China and complete marine communication equipment for all the vessels of the Yangtsze Rapid Steamship Company and radio systems for the Ministry of Railways and for the Shanghai-Nanking and Shanghai-Hangchow-Ningpo Railways and complete communication equipment for the reception and transmission of news services for *Reuters*, Limited. The Company has also manufactured and installed the following broadcasting stations: China Broadcast Company's Station (XCBL at Shanghai); St. George's Broadcasting Station (RUOK at Shanghai); a special short-wave broadcasting station for the Portuguese Government at Macao; two shortwave broadcasting stations for the Kwangtung Government, one at Canton and one at Swatow; a broadcasting station for the Kwangsi Government and a number of smaller broadcasting stations.

The Company is supplying commercial electrical equipment, such as motors, generators, transformers, rotary converters, battery charging equipment, search light, air-port lighting equipment, moving picture sound equipment and projecting equipment, radio transmitter and receiver for military and naval purposes, airplane transmitting and receiving equipment and general electrical supplies.

The officers of the Company are: Truman Johnson, President; Capt. A. R. St. Louis, Vice President and General Manager; Dr. John Y. Lee, Vice President in charge of research and development; E. G. Whittaker, Secretary; and R. M. Vanderburgh, Treasurer.

French Detective Killed While Raiding Bandit Lair

One French and one Chinese detective were killed and two Chinese and one French police-constables wounded as the result of a gun fight on Rue Admiral Bayle, in the French Concession, Shanghai early in the morning of Oct. 16. The gun-man, who lived at No. 15, Heng Ching Terrace, was eventually overpowered after he had used his last bullet.

Philippine Chinese Quits U.S.A. After 27 Years

Nee Wong, a Philippine Chinese, passed through Shanghai enroute to Manila during the week after having been in the United States for 27 years, connected for a major part of this period with the U.S. police service. Mr. Wong said that he is going back to the Islands to run for the position of governor of his native province, Bohol. He has to stay in Bohol for a period of six months to qualify for election.

Airplane Factory to Be Erected in China by Junker Company

Arrangements are now being made by the Chinese aviation bureau for the conclusion of a contract with the German Junker Aviation Company for the establishment of an airplane factory in China. The initial capital for the new establishment has been tentatively fixed at $3,000.000, two-thirds of which is to be financed by the Chinese Government. The German firm will subscribe $1,000,000 and also supply the necessary mechanics and experts required by the new concern. The contract for the new enterprise is now being drafted by the responsible authorities, the *Sin Wen Pao* states.

Dairen Air Port Prepares for Night Flights

The management of the Japan Aerial Transportation Co., in order to alleviate the congestion caused by the fast increasing number of passengers and increase in mail, is now making necessary preparations for the establishment of spotting lights in the air field in the Dairen district for the convenience of incoming planes, which at times would arrive well after the sunset on account of bad weather conditions. Necessary official permission has been obtained and the work is being hurried to get it ready before the end of this month.

Captain Chen Wen-lin, Director of the Navy Seaplane Factory in Amoy, returned to Shanghai Oct. 11 from Nanking after a successful cross-country flight to North China.

Sun Tung-kang, the transport-continental aviator, landed at Taiyuan on his airplane Oct. 15 from Shihkiachwang, southwestern Hopei.

Canton's air force at present consists of about 100 airplanes. The Aviation Bureau expects to increase the number to 500 within three years. Of the one hundred airplanes now in use, about half are of the latest type of military pursuit planes, purchased from abroad after the Shanghai War last year. According to a recent dispatch from Canton in the *China Times*, the morale of the pilots leaves much to be desired however, as most of them have no fighting experience.

The staff and workers of the Peiping-Hankow Railway has succeeded in raising $210,000 with which they are purchasing three airplanes as their contribution to the Government air forces.

The Japanese Department of Communications in cooperation with the Japan Aerial Transport Company has inaugurated an aerial postal money order system to compete with telegraphic money orders.

Colliding in midair during a practice flight, two fighting planes belonging to the Omura naval air base plunged into the sea off the coast of Nagasaki Oct. 12. One of the pilots was killed instantaneously.

A United Air Lines transport plane crashed near Chesterton, Indiana, Oct. 11, killing seven passengers, among whom were Miss Dorothy Dwyer of Arlington, Massachusetts, who was en route to Reno to marry Theodore Baldwin, a wealthy former Boston stock market operator.

The ascent into stratosphere of the second Soviet stratostate, *Osoaviakhim*, which had been planned for this month, has been postponed until spring, due to unfavorable weather conditions.

The first flight along the newly organized air-line Vladivostok-Sakhalin Island-Kamchatka was successfully completed Oct. 12.

The famous Italian airman, Major Bernardi, has been appointed aviation adviser to the Chinese Government. He will shortly fly to China, accompanied by Pilot Mazarini, (who with the Major made a record flight from Milan to Moscow recently,) a mechanic and possibly a Chinese officer.

Charles Ulm, the Australian airman who is attempting the England-to-Australian record, reached Calcutta Oct. 16. He is slightly ahead of Sir Charles Kingsford-Smiths' schedule, despite head winds and heavy rain, which necessitated a landing on his way from Karachi.

Newly Appointed British Air Attache to Live in Shanghai

Wing Commander R. P. Willock, who has been appointed Air Attache to China, will sail from London on November 11 and it is now decided that he will reside in Shanghai. It was at first stated that he would reside in Peiping, but this aroused considerable criticism.

No Further Inflation of U. S. Dollar for the Present

Opposition to "any unrestrained inflation of currency" was voiced by the American Federation of Labor convention in Washington Oct. 12. The convention also unanimously approved a committee report warning against currency action that would add further unbearable burdens on the workers. The American dollar has risen lately in relation to gold-standard currencies and the agitation for further inflation is lessening.

Lower freight rates on trans-continental railways were put into effect Oct. 5 for certain kinds of wood, enabling shippers of oak and gum-wood, produced in southern States, to meet the compeition in the Pacific coast States, of Japanese and Manchurian hardwoods. These Oriental woods have heretofore been shipped to the Pacific coast market at a lower cost than those cut in the southern States.

The American wheat agreement which will permit American exporters to sell wheat abroad at prices below those prevailing on the American market and without loss, was signed Washington, Oct. 10 by Secretary of Agriculture Henry Wallace. The Government will pay the difference between sale price abroad and the domestic price on the day of the sale. Large quantities of America wheat will be shipped to China and Japan under the new arrangement.

The Recovery Finance Corporation Oct. 16 allocated $250,000,000 to the Commodity Credit Corporation for cotton loans.

The U.S. Treasury last week issued a refunding call for $1,875,000,000 of the outstanding $6,000,000,000 issue of Fourth Liberty Bonds, and simultaneously announced a new issue of twelve-year bonds for the same amount. In connection with this re-funding of the Fourth Liberty Loan, William Woodin, Secretary of the Treasury, states that the new twelve-year bond issue will provide the United States Treasury with $5,000,000,000 cash for current needs.

The U S. Department of Justice has selected Alcatraz Island, a desolate spot near San Francisco, as the penal colony for gangsters, racketeers and kidnappers.

Another drive against owners of gold who have failed to register their holdings has been announced by Attorney General Cummings. Criminal proceedings, according to the announcement, will be instigated against all hoarders of over $100.

The United States is overwhelmingly against engaging in war and did not seek to annex Canada, Mexico, Cuba, or any part of those countries, President Roosevelt said in a radio message to the Conference on Current Affairs in session at New York Oct. 13.

An attempt to stage a drive for the establishment of a Fascist government in the U.S.A. was frustrated by the Police at Washington, D.C. Oct. 12. The demonstrators wore khaki shirts.

Mounted police charged through a crowd of 3,500 rioters outside the headquarters of the National Recovery Administration at New York Oct. 14 and made 50 arrests, while at Chicago a bomb capable of blowing up a whole block of buildings was thrown on the steps of the Currency Exchange, but failed to explode.

Indian Delegates Hope for Agreement by Nov. 13

The fourth meeting of Indian and Japanese cotton industrialists was held at Simla Oct. 10. A Japanese proposal to lower the high prohibitive customs tariff rates on Japanese cotton was discussed.

A division of opinion prevails among the Indian delegations representing cotton-growers, knit goods manufacturers and cotton spinners, according to Fusajiro Abe, Chairman of the Catton Spinners' Federation. Mr. Abe said that the Indian Government would eventually be obliged to take some action, and expressed the belief that the Indian and Japanese governments would enter into some sort of agreement over the heads of the non-official delegations.

Indian delegates desire to reach some agreement before November 13 when the extraordinary session of the Indian Congress commences. They have asked for the removal of the Japanese boycott, it is said.

Chinese Banks to Loan $15,000,000 to Finance Ministry

Following numerous discussions between Chow Lin, Vice-Minister of Finance, and local bankers, definite arrangements have been concluded, whereby a new loan of $15,000,000 will be granted by local Chinese banks to enable the Finance Ministry to meet the country's immediate financial needs, according to information from Chinese banking circles. It is understood that 20 per cent of the newly-floated $100,000,000 Customs treasury notes will be used as a pledge by the Finance Ministry for the latest loan which is to be granted by more than 10 Chinese banks in Shanghai, including the Bank of China, the Central Bank of China, and the Bank of Communications.

Bankers and Industrialists Appointed on N. E. C. Standing Committee

Besides Wang Ching-wei, Sun Fo and T. V. Soong, who have already been appointed to form the Standing Committee of the National Economic Council, the following have been appointed members:

Government Officials: Ministers Huang Shao-hsiung, Ku Meng-yu, Chu Chia-hua, Chen Kung-po, Wang Shih-chieh and Doctors J. Heng Liu and Chu Min-i.

Scholars: Messrs. Shao Yuan-chung, Chen Li-fu, Chang Ching-kiang, Li Shih-tseng, Tsai Yuan-pei, Sih Liang-tsai.

Bankers: Dr. H. H. Kung, Messrs. Chang Kia-ngau, Li Ming, Chou Tso-min, Wu Ting-chang, Chien Yungming, Chen Kwang-fu (K. P. Chen), Hsu Hsin-liu (Singloh Hsu), and Wang Ko-min.

Industrialists: Messrs. Yu Ya-ching, Yung Tsung-ching, O.S. Lieu, and Wang Hsiao-lai.

Technical experts: Dr. Yen Yang-chu (James Yen), Chen Po-chuang, Yang Tuan-liu, Chin Fen, Yeh Kung-cho and Lien Sheng-hai.

Dr. Ma Yin-chu, and Messrs. Wu Shang-ying and Teng Chao-ying, members of the Legislative Yuan, are specially permitted to participate in the deliberations of the National Economic Council.

Stagnation in Native Cereal Markets

With a view to relieving the stagnation in the market for native cereals, the Anhwei Provincial Department of Reconstruction has telegraphed to the Chekiang and Kwangtung Governments, offering to supply Anhwei rice to Chekiang and Kwangtung.

Taking advantage of the current low prices, the National Government is planning to purchase cereals for the establishment of granaries.

Acting under orders of General Chiang Kai-shek, Mayor Wu Teh-chen is taking effective measures to store sufficient rice in Shanghai as a precaution against future famines in this district.

The Shanghai Ningpo Guild has received an urgent telegram from the Rice Merchants' Guild in Ningpo reporting that 25,000 picul's of Japanese rice are now on their way to Shanghai for dumping on the Chinese market.

The vital relationship between rural rehabilitation and economic control of industry (rationalization) was stressed by Tan Chen. Vice-President of the Judicial Yuan, when speaking at the weekly memorial service at National Government House in Nanking Oct. 16.

Referring to the plans of the National Economic Council for rationalization of agriculture, foodstuffs, and the cotton trade, Mr. Tan pointed out that since China was essentially an agricultural country the rehabilitation of the rural districts must be taken into consideration in any program for economic rationalization. In order that the program might be carried into effect, he said, various exorbitant taxes must be abolished. He also emphasized the importance of engaging the services of experts in economics, Chinese or foreign.

General Ho Chien, Chairman of the Hunan Provincial Government, in identic petitions to the Executive Yuan and the Central Political Council asks that a sum of $16,800,000 be lent to Hunan from the proceeds of the American Wheat and Cotton Loan.

With the establishment of the Committee for Centralized Control over the Cotton Trade, it is reported that the Committees for Centralized Control over the Silk Trade, Mining, Food-stuffs, and the Coal Industry, of the National Economic Council, are to be inaugurated in the near future.

In a petition to the Ministry of Communications, the China Merchants Steam Naviation Company has submitted a proposal for the conclusion of a loan of $15 millions from certain banking interests in Shanghai in order to repay outstanding obligations. Part of the assets of the Company will be used as security for the loan.

In a recent petition to the Executive Yuan, the General Relief Committee requested that its previous petition for the remittance of one million dollars for urgent relief for the victims of various calamities in twelve provinces be granted immediately.

Cotton Control Commission Formally Inaugurated

The Commission for the control of cotton production in China, which is a subsidiary organ of the National Economic Commission, was formally inaugurated on Oct. 16. The inaugural meeting was presided over by T. V. Soong.

The proposed National Production Conference has been provisionally fixed to be held at Hangchow November 1.

Japanese Authorities at Canton Kidnap Chinese Naturalized Korean

Three Japanese, two Koreans and two Chinese alleged to be agents of the Japanese Consulate at Canton on the evening of Oct. 13 kidnapped Puo Yui-yih, a Korean (but naturalized Chinese citizen) from his Tungshan residence. After a night's imprisonment at the Japanese Consulate Puo Yui-yih was handed over to the French police the following day. The incident caused indignation in Chinese Government circles. Mayor Liu Chi-wen the same day sent a protest to the Japanese Consul, who denied any knowledge of the incident. Subsequently Liu Chi-wen interviewed the French Consul, M. Bonnafouse, who admitted that the Japanese Consulate had handed over the prisoner to the French prison that morning. Interviewed in Hongkong by the *Review's* correspondent, Kan Chia-hou, Inspector General of the southwest Provinces, said Pui Yui-yih, being, a *bonafide* Chinese citizen, his arrest is a clear case of violation of Chinese sovereignty, as consular jurisdiction gave no Treaty Powers the right of exercising jurisdiction over Chinese territory. If the incident can not be settled satisfactorily by the Canton authorities, the matter will be referred to Nanking.

The Kwangtung Mechanics Union issued a statement Oct. 17, accusing its former president, Lee Teh-hin, of having misappropriated $200,000 belonging to the union.

General Tsai Ting-kai, Commander of the 19th Route Army, arrived in Canton during the week from Yenping by plane to see General Chen Chi-tang on the bandit suppression question.

Important developments in the political situation in the South-west are expected to take place shortly following the recent conversations at Hongkong between Generals Chiang Kwang-nai, Chen Ming-shu and Li Chai-sum.

With the receipt of a huge monthly income of about $3,000,000 as a result of the enforcement of the new levy on imported rice, the Party leaders in the South-west have again started a movement for the establishment of an independent government in Canton.

By order of General Chen Chi-tang, three more divisions of troops will be organized in the Kwangtung Army. The Army system in the South will be reorganized and, in future, each army will have three divisions instead of two as at present. This marks another step in the expansion of Canton's military forces.

Canton Municipal Improvements Include an Observatory

The improvements effected by the Canton municipal government since August were reviewed by the Mayor, Liu Chi-wen, at a meeting Oct. 17. An observatory is being constructed at Shihpei at a cost of $34,900, while a free school for poor children is also in course of construction there.

Tibetan Raiders Still Hold Yunnan City

Despite reports to the contrary, Chungtien, in Northwestern Yunnan, is still being held by the Tibetan invaders who captured the city on August 22, according to a report from Yunnanfu on Oct. 1. The Tibetans have built strong fortifications around the city and are using it as a base of operations for attacking Hsiaochungtien, a city near Chungtien. They are all well-armed and some of them are mounted troops. Thus far, the Yunnan Provincial Authorities have not sent any big force to Chungtien to suppress the invaders, although they claim that the Tibetans have already been driven out from that city.

A Review of Labor Disputes and Strikes in China in Recent Months

BY FANG FU-AN

THE past five months (April-August) have witnessed a general revival of activity among the working classes in China, showing their general discontent over the situation of employment and treatment. The situation is wide-spread throughout the whole country, but that of Shanghai and other industrial centers is more clearly seen and fully recorded. The disputes and strikes have been largely caused by the worsening of the economic situation and the retrenchment measures of the factories.

Coupled with the business depression, the Japanese invasion of North China and the recent flood in Central China have made it impossible for a number of factories to continue functioning. As a result, a large number of workers are thrown out of work. The unemployment situation in Shanghai, which may be considered as typical of the rest of the country, has assumed extraordinary seriousness. The exact number of the unemployed is unknown, as no official record has been made. However, the figure is generally estimated to be between 100,000 and 200,000. Of the 113 silk filatures in Shanghai, 93 have been closed and some 50,000 workers have been out of work. During the period of approximately five months from mid-May, no fewer than 11 industrial plants in Shanghai suspended operations, throwing over 4,000 workers into unemployment. Five of these plants were silk weaving and silk goods factories, five others, rubber shoe factories and one other, a cotton mill. The latter alone employed 1,400 workers. In addition, 2,110 workers were discharged from the Japanese cotton mills in May, while 400 seamen lost their jobs, when their vessels were tied up.

At Tientsin, a cotton mill employing 2,700 workers closed down; at Canton, a rubber factory employing 700 was shut up. On June 19, two large cotton mills in Wuhan cities, employing some 10,000 workers, closed down. In Changsha, a cotton mill employing 3,000 closed on July 5 last Summer. The closure of the Yu Foong Cotton Mill at Chengchow, Honon, threw several thousands of workers out of jobs.

Serious Labor Situation in Shanghai

So serious is the labor situation in Shanghai that the Shanghai General Labor Union has directly petitioned to the Government, requesting that express orders be issued, prohibting Chinese factories from suspending or reducing work. The petition pointed out that while some factories in Shanghai have been compelled to suspend operation or reduce production on account of the general economic depression and the dumping of foreign goods, not a few of them have done so intentionally with the object of breaking up certain labor organizations.

In a statistical survey for the first half of this year, we found that throughout the country, 77 strikes occured, while the number of strikes for the same period of 1932 was only 63. The number of strikers is 110,714 against 51,190 as compared with last year (excluding the strikes in 1932 in Japanese mills, the Postal Workers' Strike, which involved 130,000 workers all told.)

According to the report of the Commissioner of Police of the International Settlement and that of Chinese territory, there occured 6 strikes involving 694 workers and the loss of 4,292 working days in June, as comproved with 16 strikes involving 19,372 workers and the loss of 106,608 working days in the month of May.

According to the figures of strikes in different cities collected from Chinese newspapers, for the month of July, there were 17 strikes and 13 labor disputes involving 18,836 workers. In addition to the nine strikes of August, (four continued from July), there were 23 disputes involving 43,170 workers. A number of the strikes and disputes have been settled, while the majority of them is still pending.

In reviewing the labor situation in China for the past five months, six important conclusions may be drawn regarding the general situation. First, the strike and dispute have been extending to the lowest strata of Chinese working class. The ricshaw pullers, which are believed to be the ones with the worst living conditions and the lowest cost of living, have had a number of strikes. On June 20, some 15,000 ricshaw pullers in Hangchow went on strike to enforce a demand for a reduction in ricshaw rentals and license fees. Another strike of ricshaw pullers was reported from Pinghu (Chekiang) due to the refusal of the ricshaw hongs to reduce the retental from 45 to 40 cents a day. In both cases, the strikers won their demand. In July, there were six strikes of the ricshaw pullers. The first occured on July 10 when about 2,000 pullers in Hsuchow struck for a reduction of the tax on their vehicles. The authorities failing to concede to their demand, they struck again on July 18. The third strike occured in Soochow on July 18, involving 1,500 men. The fourth strike was found in Sungkiang, while the fifth strike occured at Shanghai, which affected only one hong and resulted in a reduction of their rentals. The sixth strike occured in Chinkiang, Fukien.

Canton Seamen Still on Strike

Secondly, the strike of seamen in South China and the support which they received indicated their powers as once showed in the Hongkong seamen's strike of 1925. The present strike was started in Canton over the ill-treatment and dismissal of several cabin attendants (tea boys) from the S. S. Woosung of the China Navigation Company, for which the Butterfield & Swire are agents. It soon enlisted the sympathies and support of their fellow workers of other boats and the wharf coolies at Canton. The crew of one vessel after another joined the strike, until 20 of the said company's ships are tied up in Canton. The Amoy Chamber of Commerce, the seamen's union of Swatow and Shanghai all indicated their support of the strikers. The latter have received financial support from many quarters. The crews of of the s.s. Kiangyu and the s.s. Changsha of the China Navigation Company contributed $2,000. The seamen's unions of Swatow and Hongkong also pledged support. Chinese seamen in San Francisco are reported to have sent G.$3,000, while certain guilds in North China have remitted $4,000 to the strikers. According to a *Reuter's* message, even the sing song girls in Canton contributed several nights' income to the strikers. The situation is growing very serious and no settlement is in sight.

In this connection, it may be mentioned that the Shanghai Seamen's Union has been taken over by representatives of the Nanking Government and the Central Kuomintang Headquarters. Steps for the reorganization of the Union are in progress by a committee headed by General Yang Fu, Commander of the Shanghai Peace Preservation Corps. But it is interesting to notice that of all the members of the Committee, not one of them is a seaman.

The demands of the Canton seamen strikers have been made known by the Seamen's Union, including reinstatement of the dismissed seamen, payment of damages to the strikers, dismissal of the compradore of the S.S. Woosung, guarantee not to dismiss seamen without consent of the Union or to mal-treat the seamen and several other conditions.

The third feature of the labor situation is the conflict between the workers and their unions. This can be seen from the strike of the Heng Yuen Cotton Mill in Tientsin. The said mill suspended work early in May with 2,700 workers losing their jobs. After repeated protests by the workers, the mill decided to resume partial operation on June 10. After a few days, the management closed the mill again owing to bad business conditions. After many representations to the owners of the mill, it was promised to reopen the mill on June 15. On that date, the mill not having been opened, the workers issued a statement, declaring that their union and the mill owners were working together to cheat the workers. Finally, the mill was re-opened.

The indication of no confidence toward their unions was shown also by the 5,000 cotton mill workers of the Yu Yuen Cotton Mill in Tientsin in July, when they repudiated an agreement between the Mill and the workers' union for the settlement of their strike, considering it contrary to their interests.

The intolerable situation in the silk filatures led in July to a strike of approximately 10,000 women workers of 15 silk filatures. Two years ago, wages in silk filatures were cut from 60 cents to 42 cents. After a series of strikes, the wages were raised to 45 cents. They were finally settled on July 9, when an agreement was reached which was to give the workers a basic wage of 50 cents, plus regular allowance. However, when

the first pay day after the settlement of the strike came, several cents were deducted from the workers' customary allowance by agreement with the Workers' Union, thus bringing the basic wage to the old level of 42 cents. Immediately 10,000 silk filatures workers came out on strike and won back what had been deducted from their alolwance.

Six weeks after the new wage scale went into effect, the employers of the silk filatures broke the agreement and introduced the piece-work wage system with the aim of increasing the productiveness of each worker at a wage of less than 50 cents a day. The women workers again declared strike among 2,000 workers from fourteen factories, who joined the strike on September 1. On September 2, another 22 filatures of Sinza District of Shanghai joined the strike. On September 7, five additional filatures in the International Settlement struck, bringing the total number of strikers to 10,000. On September 5 and 7, the Unions tried to force the workers to go back to the plants with the co-operation of the police, but in vain. Finally, they resumed work on September 14 on the understanding the piece-work system would not be enforced. However the actual understanding between the workers' union and the factories is the postponemnt of the enforcement of the system. The silk filature workers' strike illustrated the growing gulf between the workers and their unions which are directed by the Kuomintang members. The workers often repudiated agreements arrived at between the filatures and the unions which they consider contrary to their interests.

The fourth feature of the labor difficulties indicated the rising temper of the workers became uncontrollable. They readily resort to strike to enforce their demands. They surrounded the Government Office. They surrounded the offices of their employers and virtually detained them. They are becoming more aggressive than before. At Nantungchow, more than 1,000 workers from a factory surrounded the city Government's office on May 14 and demanded release of 17 of their fellow workers who had been arrested the previous day. They dispersed, when the authorities promised to release the arrested workers. The other case was the strike of 7,000 workers of the China Industrial Corporation for the closure of the factory. The workers in June virtually made the works manager and his foreman prisoners who were later rescued as a result of police intervention.

Fifthly, with the rising of the workers' temper, the employers took a firm attitude toward the workers. Most of them called for the help of the police to drive out the workers. In one case, the employers shot at the workers and killed a few. The *Min Pao* at Shanghai related a story of the killing of two miners in Poai Hsien, Honan, by the mine guards at the command of the British manager of the Fo Coal Mining Company, a British concern. On May 13, the workers sent a deputation to the see the British Manager, asking for a wage increase and abolition of the contract system. Refused to hear the workers, the manager ordered his guards to shot into the air to "scare" the miners. However, this failed to intimidate the miners to return to their work. Accompanied by the guards, the manager went to Li Feng Village, where the miners dwell and demanded the men return to work. At the time, the miners were in a meeting about the course of action against the company. The manager ordered the guards to fire into the crowd and two miners were killed, with a dozen of others injured. According to the *Min Pao*, about 100 shots were fired. The public organizations of Poai Hsien have issued a manifesto, requesting the Government to lodge a protest with the British Minister and holding the British manager responsible for the crime. The incident is still pending settlement.

In addition to the above, the strike of the British-American Tobacco Company deserves special mention. In 1929, the Company established a school for the children of its workers, subsidizing it to the extent of $1,500 monthly. In the past few years, this amount has been gradually reduced. This year, it was reduced to $700 and then discontinued altogether in June. The Company charged that the school was mismanaged and announced the taking over of the school by the Company and placing it under the control of five representatives from local party and government offices and five members of the company. The workers refused and continued to run the school without the subsidy.

In addition to the school dispute, the Company refused to pay wages to the workers during the period of the previous strike in May and refused to reinstate the worker Fang Fu-chi who was dismissed last March without reason. Finally, a strike was declared, when a worker of the Leaf Department of No. 1 Pootung Factory of B. A. T. was dismissed. At first, only a go-slow strike was declared by the Leaf Department. On August 11, 3,200 workers of the No. 1 factory joined the strike. On August 12, when the workers went into the factory, but did not work, the foreign chief of the Leaf Department suddenly closed the windows and doors under the hot weather and then turned on the steam to full capacity with the purpose of driving out the workers. However, none of the workers left, although the steam kept on for two hours. On August 25, the 4,600 workers of the No. 2 factory joined the go-slow strike. The intended strike of the workers of the No. 3 factory (In International Settlement) was stopped by a heavy guard of the Settlement Police and the pressence of riot guns. The strike finally ended on Sept. 5 when the city Government of the Greater Shanghai Municipality definitely ruled the resumption of work.

From the above situation which is growing ever more serious, the clash between workers and the employers, the struggle for independent unions, the labor movement in general will inevitably be greatly developed in the near future. With the economic crisis, the workers will have a more difficult time in maintaining their souls within their bodies.

Two Japanese Military Officers Arrive in Kansu Without Chinese Visas

Two Japanese military officers arrived in Lanchow, capital of Kansu, two weeks ago after having travelled from Shanghai in a specially chartered mail plane of the Eurasia Aviation Corporation. The plane was allegedly chartered from the aviation firm by Chen Yi, vice-Minister of War, for a special trip to Tihua, capital of Sinkiang (Chinese Turkestan). The plane was compelled to land at Lanchow because of bad weather. It was then discovered that the two Japanese had no Chinese visas. The authorities at Lanchow are said to have been instructed to start an investigation into the case. It is understood also that the aviation corporation has been asked to make necessary explanation to the government.

According to a *China Times* telegram from Nanking on Oct 5, Eurasia's plane No. I, which left Shanghai for North-west on Sept. 29, carrying two Japanese military officers destined for Sinkiang, was detained by the Kansu Provincial Authorities. The latter have wired the Central Government, urging the two Japanese military officers be not permitted to proceed to Sinkiang owing to the disturbed conditions in that province.

The *China Times* on Oct. 8 further reported that the Japanese Military authorities are planning to set up a new Mohammedan State in Sinkiang with a former Turkish prince as Emperor. This Turkish dignitary was exiled from Turkey in 1920 and was welcomed to Tokyo by the Japanese Government last May. It is the intention of the Japanese Government to send him to Sinkiang as a puppet head and the planned visit of the two Japanese officers to Sinkiang is for the purpose of making preliminary arrangements towards that end. It is learned that the two Japanese officers, finding their way to Sinkiang blocked, have since returned to Shanghai.

An Instructive Magazine of Scientific Knowledge

Under the auspices of the Science Society of China, the Science Information Service has just published a new illustrated magaine, called "Popular Science" dealing principally with scientific and techinical matters. The magazine has been issued with the purpose of spreading and promoting scientific knowledge among the Chinese students and general reading public. It is published semi-monthly. The contents of the magazine cover a wide range subjects, biology, botany, astronomy, physics, chemistry and other subjects which science deals with. The illustrations accompanied by notes of description are particularly interesting to the readers and posses great educational value. In view of the great variety of interesting material, the magazine has proved to be popular among the readers and more than 27 000 copies of the first number have been sold within a short period of time. Up to the present, four numbers have been issued and the average circulation is approximately 26 000 codies per issue. The Science Society of China was founded in 1914 and has contributed greatly to the promotion of scientific knowledge n China since its establishment. Its head office is at 533 Avenue du Roi Albert, Shanghai.

As the Japanese See Sino-Japanese Relations After the Lushan Conference

(By the Review's Tokyo Correspondent)
(Translations from various Japanese publications)

THE Lushan Conference which ended on September 7 was closely watched by the leading Japanese papers. Contrary to public anticipation, however, the dailies said little about the result of the conference although Chinese affairs in general have continued to occupy a central position as news material.

Comments by the Daily Press

Tokyo Asahi, Sept. 10—Among various items for discussion at the third Lushan Conference, the one that engaged our special attention and concern was how far the much fussed-about change in China's Japan policy after the return of T. V. Soong would reflect the Lushan parley.

We admit Mr. Soong's activities in the West were more than a success, but it is nevertheless true that the combined activities of Mr. Soong and Gen. Chang Hsueh-liang added fuel to anti-Japanese agitation in the north leading eventually to the advance to the Japanese troops into the Peiping-Tientsin district. In view of the fact that the critical North China situation created in this way was saved through the proper steps taken by Gen. Chiang Kai-shek and the frantic efforts of Huang Fu, supported by Wang Chao-ming, it is to be expected that, however strong may be the anti-Japanese attitude of Mr. Soong, his attempt at destroying his hard-earned fruit in North China would never be realized—this, of all things, is what Chiang and Wang could not bear, in view of their sense of honor and duty toward Huang Fu.

The rumor that Mr. Soong is at heart sympathetic with Huang Fu and that he agreed to suport his Japan policy, may not be altogether unfounded, but no sign of the schedule for improving the existing Sino-Japanese relations was noticed throughout the conference.

What is far more important and graver than the Lushan Conference are the activities of the Powers in China, especially of Britain and the United States. It may not be wide of the mark to forecast that Britain and United States will engage in political and economic activities in China with added enthusiasm. The idea that China means to take up a pro-Japanese policy after the declared three year suspension of resistance to Japan, is nonsensical; most probably she will nourish herself up during the period to be sufficiently strong for further anti-Japanese movements. In all probability she will go on with her established policy of "checking off the neighbor by courting the favor of the countries far away" utilizing the service of Huang Fu and his factions in the north and the pro-Western Soong and his group in central and southern China. To expect China to liquidate her anti-papanism maybe tantamount to asking what is impossible. This we admit, and at the same time we cannot but anticipate no better turn of China's attitude.

Tokyo Nichi Nichi, Sept. 10.—The third Lushan Conference seems to have decided to adopt a long term anti-Japanese campaign, the Nanking Government maintaining a policy of watchful waiting toward Japan for the present while devoting all possible energy and efforts to strengthening the national power. It was even thought that, due to the vigorous opposition from Mr. Soong, the Japan policy that was agreed upon at the second conference might undergo a radical change. The contrary has been the result, for Mr. Soong appears to have resolved to work for industrial development with the League's technical assistants.

This unexpectedly submissive manner of Mr. Soong was in all probability due more to the changed domestic conditions than to a change of his views. Mr. Soong stated, "Through my trip to Europe and America I have obtained a correct perspective of the Far Eastern situation. To become more powerful is the imperative need for China Today; with China as weak as she is now, any national policy will be useless."

It was not until he landed at Shanghai that he entertained this idea—not until he realized the total change of conditions in China, much to his surprise. Both Huang Fu and Gen. Chiang Kai-shek succeeded in persuading him to support the Japan policy of Mr. Wang and Mr. Huang.

We should not consider this as a sign of the fall of anti-Japanism. The assumption of the post of the head of the National Economic Committee by Mr. Soong and his subsequent activity regarding Japan commands more serious attention. The increase of tariff and the issues of the Country of Origin Mark Regulations and anti-dumping duty are all aimed at Japan. These apparently rationalized anti-Japanese actions must be expected to become more and more manifest because of the long term anti-Japanese plan decided on at the Lushan Conference.

We are behind none in wishing economic and other development in China and in looking forward to her becoming our good neighbor, but so long as she follows an anti-Japanese policy as the guiding principle in her dealings with this country, we should fear that it may be China herself who will suffer the consequence in the long run.

Long-period Anti-Japanese Movement Is No Cause for Anxiety

Osaka Mainichi, September 19.—To hear that China has decided to carry on a long-term anti-Japanese movement is far from pleasant to our ears, but a little scrutiny of the Chinese situation shows that there is no reason to be alarmed.

In the first place, anti-foreignism has been the basic policy of the Chinese Government for years. Many Powers have had unpleasant experiences in the past due to the program of utter disregard of international goodwill. In this respect, China may be considered as only continuing the old standby policy.

Again, with China ever checking off one Power by courting the favor of another, there is no knowing when the Japanese position will be changed to that of being courted, instead of being checked. Facing this consistent inconsistency on the part of our neighbor, there is nothing for us to do but calmly watch and be ready to protect our interests whenever the need arises.

One thing is certain. It does not pay to cooperate with the present chaotic and unreliable China. We must wait and rely on time to settle the issue.

Pro-Japanese Turn Is Camouflaged as Long Period Resistance

(By Tokyo Nichi Nichi Correspondents Yoshioka and Okano at Nanking, September 15)

In diagnosing China's Japan policy after the Lushan Conference we find the gloomy atmosphere, in which Nanking Government was enveloped for the past two years, has been greatly removed at least in appearance. The chief of the Section of Asiatic Affairs of the Foreign Office Chen Chin-ting, who for quite a long time made it a rule not to see Japanese reporters, began to receive them with open arms. Indeed, the whole Nanking atmosphere has made a wholesale change in favor of Japan. However, this turn of the situation in the Nanking Government is fraught with points to be regarded as the sprouts of Nanking's concealed tricks, and not even a semblance of an evidence of the Kuomin Government's pro-Japanese shift of its policy based on the pan-Asiatic principle is noticeable. Then what is the real aim of its re-instating the Japan policy on the regular track?

Mr. Soong's unreserved pro-Western and anti-Japanese campaigns in Europe and America and Japan's general outcry raised against them greatly troubled the minds of the Kuomin Government leaders. This uneasiness on the part of the Nanking "important men" has been dispersed by the pro-Japanese broadcast by Wang Chao-ming and Huang Fu from Shanghai and Lushan. Viewed in this light we may safely assert that the change of the Nanking's Japan policy this time has been the product of heavy pressure brought to bear upon Nanking leaders by the strength of Japan. China's diplomatic policy toward Japan decided on at the Lushan Conference is in principle to return it on the regular course. As the first step to realize this end all channels of diplomatic relations will be restored back to normality.

It is premature to think that this apparently favorable turn of the situation represents the Kuomin Government's wholesale change of its Japan policy. What we should be enlightened upon is among other things what compels the Nanking Government to change its diplomatic policy toward Japan. In two years, since

the outbreak of the Manchurian incident, the Nanking Government has consumed up its energy and now finds itself completely exhausted. The statesmen of the Kuomin Government had expected that in one or two years after the Manchurian incident Japan would meet bankruptcy in consequence of the inflated war expense and their anti-Japanese economic campaign. This having proved a wild dream, they realized that a further resistance to Japan would invite loss to the Government and that another collision with Japan might pave a way to the self-destruction of the Kuomin Government. Such is the course through which the Government's new Japan policy has been nurtured up.

It is still too early to drink in celebration of our victory in the first long drawn-out war, for, while Huang Fu was lavish in compliments at his interview with Ariyoshi, Sun Fo declared at Nanking that the Government's new Japan policy was no other than the preparation for the second resistance. There lurks in the minds of the Kuomin Government leaders the idea that, since China is now too weak to stand up single-handed against Japan, China must retain temporary peace with Japan until after 1936 when, in their idea, the condition of the Pacific will be changed, in the meantime expanding her armaments. The plan for the expansion of the air force assisted by the United States decided on at the third Lushan Conference is an unmistakable evidence of this fact. It is, nevertheless, a fact that the Nanking Government is going to establish a diplomatic truce, thereby gradually steering back the Sino-Japanese relations to the regular route.

Heaven Helps Those Who Help Themselves

(By Unosuke Onta, Dai Azia Shugi, October Number)

At the Lushan Conference this time special importance was placed on home affairs, especially on the newly established positive policy centering around financial questions. I feel like paying particular attention to this point and am even tempted to think that China has at last come to her senses and set about the reconstruction work in real earnest. As regards the economic control, which is an item included in the economic rehabilitation schedule this time, little can be expected, for there is no enforcing the control in the present politically chaotic China even with the reported assistance of Dr. Rajchman. But it is nevertheless a fact that both the League and the Chinese sides are expected to take up the affair with stronger determination this time than before. Still more important point is the fact that China has come to consider the improvement of her own home affairs the first essential requirement for national salvation. This new turn of the situation in China with the Lushan Conference as a turning point engages the particular attention of the Japanese. At the conference the questions of how best to exterminate the Communist army and how to establish connection with Canton were the most salient features discussed. These two issues constitute the knottiest problem with which the unification task is confronted and their speedy disposal is a burning question. But the Kuomin Government is not sufficiently powerful to put an end to these questions in a brief period. It is for this very reason that the Central Government decided on improving itself. This is the best policy for the Government to follow.

Recently opinions in Japan as regards the possible turn of China's Japan policy have been divided into two groups, one of them insisting on the probable change to our favor of the policy of the Nanking Government under Gen. Chiang Kai-shek and Wang Chao-ming, while the other anticipating the possible turn to our disfavor with the return of T. V. Soong. In fact, due to these two opposite currents of opinions, the existence of China's anti-Japanism was even unknown, and the Kuomin Government's Japan policy can be regarded as skillfully camouflaged to the same extent. The Chinese situation at present seems to indicate both a favorable and an unfavorable turn of the Government's Japan policy, although such is theoretically impossible. Those who anticipate a change unfavorable to Japan look upon China's recent introduction of American air craft as an evidence of her war-like preparation against Japan. In final analysis we can assert that not even a slender ray of hope for China's friendly approach to Japan is in sight despite all appearances to the contrary. The long-period resistance will remain her basic policy. This hackneyed measure of the Chinese Government, however, does not necessarily mean the application of its egoistic policy of putting restrain it on an enemy at the expense of another, nor does not it indicate its increased antipathy and deepened enmity against the Japanese. It may be that it is not altogether unreasonable that the Chinese harbor ill-feeling toward Japan at this time, and under such circumstances their friendly turn toward Japan ought to be construed as paving a way to the future Sino-Japanese amity. We are to wait until they really come to their senses.

The Kuomin Government seems to have at last realized that not a single Power in the whole world is willing to render assistance in the true sense of the word. The cotton and wheat loan advanced to China by the United States does not mean the presence of any good-will toward China; it is nothing more than a means to save the domestic economic crisis of the creditor's own country. Mr. Soong is also aware of this fact; he must have returned home depressed. The Government apprehension on this particular point was shared by the people and the cry for "self-salvation" has suddenly become louder. Sun Fo's remarks in regard to the third Lushan Conference clearly endorse the trend. A saying goes, "Heaven helps those who help themselves." If China really stands up to help herself, all the world will extend its warm hand of assistance.

Chekiang Financial Clique Now Bows to Kuomin Government

(By Mr. Nagaoka of the Tokyo Nichi Nichi, Shanghai, Sept. 28)

Where is the Chinese Republic going with Mr. Soong's return and the Lushan Conference as its turning point? The movement of China in its transition period deserves our most serious attention. Since about the time of the northern expedition of the Kuomin revolutionary army Shanghai has been the Chekiang Financial Clique's base of operation. The Chekiang Financial Clique's movement has special bearing upon Sino-Japanese relations. It has not a perfect system worthy to be called a clique but is not entirely devoid of a system of control as is insisted on by Chekiang financial magnates.

The Chekiang Financial Clique has its own domestic rivalry and competition, but, as a capitalistic group, has common interest politically as well as economically and generally acts as one body. It was no other than the power of this financial clique that has converted a conservative party (the Kuomintang) which, by leting in the Communist party, was radically inclined, and used it as a tool for a Chinese revolution against capitalism. This is why the Chekiang Financial Clique wielded considerable power or control over the Kuomin Government until a few years ago. However, the recent tendency is that, as a result of the Communist army's having established a

The Chekiang Financial Clique, making free use soviet zone, the position maintained by the clique and the Government has the tendency of being gradually reversed. This tendency which places the financial clique under the control of the Kuomin Government was further augmented by the Sino-Japanese dispute.

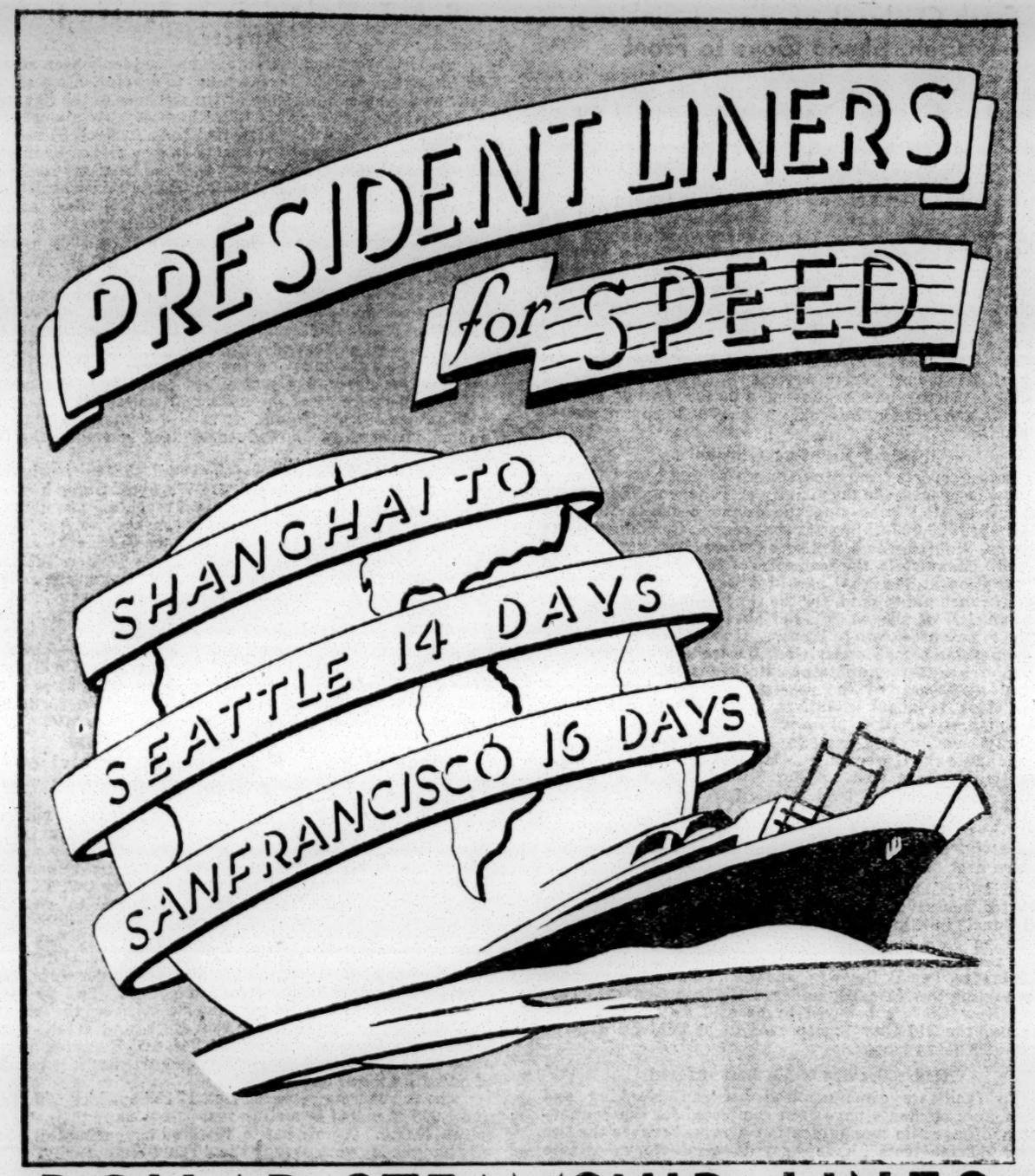
The Chekiang Financial Clique, making free use of the influence of the Government, was engrossed in the acquisition of the capitalistic sway of the Republic, as is evidenced by the taking up of domestic loans for over 400,000,000 yuan in order to help Chiang Kai-shek. Thus it gained an enormous amount of profit but a considerable portion of the wealth thus amassed was converted into worthless loans.

The recent activities of the Communist party proved a great menace to the Chinese capital. There is none but Gen. Chiang Kai-shek who, despite his repeated unsuccessful punitive expeditions, to assume the heavy role of Communist suppression. No wonder that T. V. Soong is worshipped as "God of the Financial World."

The General is now in a position to freely squeeze the Chekiang financial magnates and he is doing so. There are some among the Chekiang financiers who are displeased with the attitude of Gen. Chiang Kai-shek and T. V. Soong.

However deep their resentment might be, the Chekiang financial magnates can not but remain submissive, because their antagonistic attitude would be met by Soong's resignation, resulting in the financial crisis due to bottomless depreciation of public loans. The factors which are mainly responsible for the present helpless state of the Chekiang Financial Clique are traceable its reckless extension of monetary help to the Kuomin Government and the fact that Chinese capital is still in a crude condition. That Chinese capital still lingers in the stage of infancy is recognizable even in the financial organization which forms the heart of the Chekiang Financial Clique.

(Continued on page 335)



DOLLAR STEAMSHIP LINES
and AMERICAN MAIL LINE

Fresh Outbreak of War in Sinkiang, Gen. Sheng Goes to Front

According to messages received at Nanking from Tihua during the week, the situation in Sinkiang has reached another crisis and a renewed outbreak of war has occurred, despite the efforts of Dr. Lo Wen-kan, Minister of Justice and Government's High Commissioner to Sinkiang, to avert it by political means. Gen. Sheng Shih-tsai, Border Defense Commissioner of Sinkiang, wired the Government on Oct. 11, reporting that he had taken punitive measures against the rebellious Mohammedan General, Ma Chun-ying who has started another revolt against the Provincial Authorities. According to Gen. Sheng's report, Gen. Ma recently sent a representative to Tihua to instigate a mutiny among the Tihua garrison, but the plot was immediately discovered and failed to materialise. Later, Ma sent his former subordinate, Ma Hei-ying to Altai to organise a force of Mohammedan bandits to start a revolt. The rebel forces are reported be approaching the city of Tahcheng, North-western Sinkiang. Gen. Sheng declared that he had organised a punitive army against Gen. Ma and left for the front on Oct. 10 to direct operations.

Heavy Fighting Continues

Latest reports from Sinkiang stated that heavy fighting is now in progress in the vicinity of Tahcheng. The troops under Gen. Ma Chung-ying, the Mohammedan leader, have killed about 20,000 Chinese in that region. Communications between Sinkiang and Kansu have been completely interrupted. Meanwhile, the head office of the Eurasia Aviation Corporation at Shanghai has also been advised by its Sinkiang branch not to send, for the time being, aeroplanes to Sinkiang. Now the west-bound planes go only as far as Suchow, a remote town in Kansu. It is understood that the Mohammedan troops under Gen. Ma are now advancing on Tihua from three different directions with Gen. Ma himself at the head of the rebel army. As the strength of both sides is about equal, it is difficult to predict the consequences of the present fighting. Gen. Ma has recently sent a telegram to Nanking, reaffirming his allegiance to the Government. He said that if the Government will relieve Gen. Sheng Shih-tsai of his office in Sinkiang, he would hold himself responsible for the situation in Sinkiang. It is learned that the Government has telegraphed to Gen. Sheng and Gen. Ma separately, ordering them to submit their dispute to the Government for settlement.

A *Reuter's* message from New Delhi, India, on Oct. 10, reported that severe fighting has occurred between Tungans and Turkis in Chinese Turkstan (Sinkiang), with heavy losses on both sides. On Sept. 26, the Turkis made a determined attack on Kashgar New City, during which their leader, Tewfik Bey was wounded. Tungan troops are now holding the New City under a Chinese General. Yarkand New City is believed to be still held by Turkis, although the Old City is reported to be held by a large force of Khotan troops.

Radio Service to Be Inaugurated

To facilitate communcation between Nanking and Tihua, arrangements have been completed for the inauguration of a radio communication service between the two cities. Trial tests have proved satisfactory. Radio stations will also be established in Mongolia and Tibet by the Government to foster closer contact with the Northwestern frontiers. In the meantime, the Mongolian, Mohammedan and Tibetan tribes in Sinkiang have petitioned the Government for permission to establish a joint office at Nanking. The office will be in the nature of a liaison organ, to keep the people in Sinkiang informed of the activities of the Central Government.

Information from the Ministry of Foreign Affairs states that the meeting of Dr. Lo Wen-kan and Dr. W. W. Yen has been a success. It is understood that Dr. Yen has left for Moscow on his way to Geneva to attend the League Council meeting, while Dr. Lo, owing the war situation, has been compelled to cancel his proposed trip to Ili. He will shortly return to China by way of Siberia, it is said.

Blazing a new trail across the desert land in Northwest, the first party of motor cars organised by the Suiyuan-Sinkiang Bus Company has recently arrived at Tihua from Kweihua Capital of Suiyuan. The trip took 41 days instead of 12 days, as was originally expected. Formerly there was only one caravan route by camel and it took fully two months to travel between the two cities. Plans are being completed for the inauguration of a bus service between Sinking and Suiyuan in the near future.

B. A. T. Workers' Strike Spreads, 3,000 Affected

Labor unrest and discontent has suddenly been revived in Shanghai and is threatening to develop into a serious situation. Since the strike of the workers of the Shanghai Power Company on Sept. 29, which is now almost three weeks' old, the workers of the B. A. T. No. 3 Factory in Yangtszepoo District have also gone on a strike owing to a dispute between the Factory and the workers over the recognition of the workers' Union. The strike was declared by 600 workers last Sunday Oct. 15 as a protest against the Company's refusal to allow them to organise a union and to subsidize it. Since Oct. 16, more than 2,000 workers have joined the strike and it is feared that the situation may affect other factories of the Company. The strikers have presented a set of demands to the Company and are insisting on their compliance before resuming work. The demands include the recognition by the management of the branch union as representing the workers of the No. 3 Factory, the repayment of the wages during the period of the previous strike, payment of $500 subsidy to the branch union, reinstatement of the workers dismissed in connection with affairs of the Union. It is also demanded that the union officials be allowed to collect membership fees from the workers.

Company officials express the belief that the instigation of the 5th District Tobacco Trade Workers' Union has been mainly responsible for the present trouble. The union, it is alleged, is seeking to include workers of the No. 3 Factory of the Company in its scheme in order to strengthen its financial status. Regarding the strikers' demand for reinstatement of the dismissed workers, the official stated that the workers mentioned were either convicted of violation of law or absented themselves without explanation and accordingly dropped from the rolls.

The Shanghai General Labor Union, the Local Party Headquarters and the Social Affairs Bureau of the Greater Shanghai Municipality are offering their good offices in the mediation of the dispute and are exhorting the workers to resume work pending a proper and just settlement.

Prince of Royal House Leads Revolution in Siam

Siam is in the throes of its third revolution within a little over a year. The leader of the present revolt is Prince Bovaradej, a member of the Royal Family and at one time Minister of Defense, who commenced marching on Bangkok at the head of an armed force Oct. 13. The loyalist troops defending Bangkok managed to stem the advance of the insurgents by heavy gun fire.

Serious fighting has been in progress, the sound of gunfire being clearly audible at Bangkok, the Capital, but, owing to the strict censorship the Government has imposed, details have been difficult to obtain. Two scouting planes belonging to the rebels circled over the capital Oct. 14 when one of them was shot down and crashed into the river in front of the Royal Palace. Repeated assurances have been given by the Government that it is capable of handling the situation.

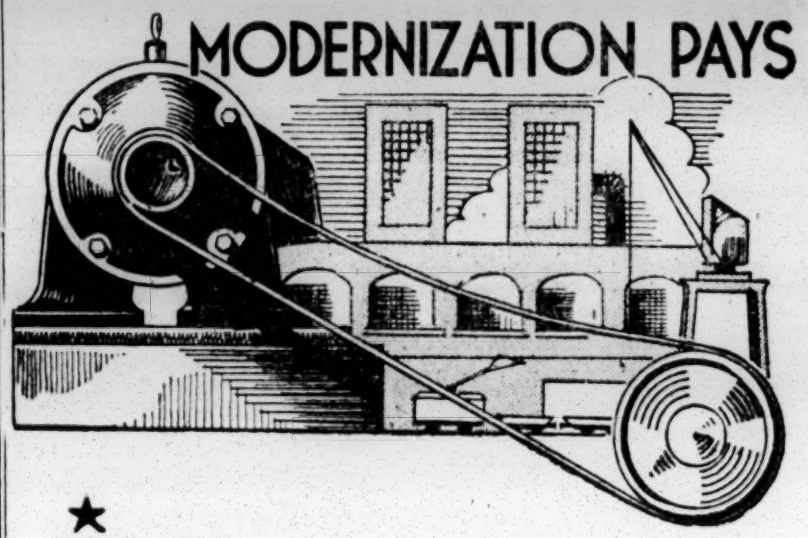
The rebels were reported Oct. 17 to have lost 500 killed and 1,000 wounded in a clash just previous to their retreat to the North. An air battle resulted in routing the rebels who had managed to occupy the airport temporarily.

Wang Ching-wei and Chiang Kai-shek Confer at Kiukiang

President Wang Ching-wei visited General Chiang Kai-shek at Kiukiang Oct. 14, using the General's airplane for the trip. He was accompanied by Tseng Chung-ming and Tang Yu-jen, respectively Political Vice-Minister of Railways and Administrative Vice-Minister of Foreign Affairs. Interviewed, President Wang stated owing to pressure of duties, they had chosen Kiukiang as their venue instead of Nanchang as it was a convenient intermediate point for their interview.

According to information from local political sources many questions were discussed between General Chiang Kai-shek and Wang Ching-wei during their recent meeting at Kiukiang. Among the most important issues were the following:—Measures for raising funds to meet the present financial stringency of the Government; measures for coping with the changing diplomatic situation and the fixing of a definite policy to meet the present crisis; the choice of a new Foreign Minister, and measures for dealing with recent uprisings in North China and the rehabilitation of the war areas in the north.

MODERNIZATION PAYS



★

CHEAP
AND SPEEDIER PRODUCTION
IS ASSURED TROUGH THE
ELECTRIFICATION OF YOUR
PLANT

Shanghai Power Company

Head Office: 95 NANKING ROAD :: TELEPHONE 11010

Another Cut in Price of Soviet Gasoline in Shanghai

As the result of an "under-cover rebate," the Soviet gasoline distributors in Shanghai are supplying their customers with gas at 65 cents per gallon. This further cut in prices has intensified the contest which has been going on for the past several months between the United Petroleum Trust (Soviet organization,) the Standard Oil Company and the Asiatic Petroleum Co. At the present time the U. P. T. is constructing a series of large bulk storage tanks in Hankow for both gasoline and kerosene. They are also negotiating for a branch distributing center at Hongkong. The recent five-cent drop has been effective only in Shanghai, which is the center of the fight in the Far East. China imports about 30,000,000 gallons of gasoline a year. There are about 25,000 motor cars in Shanghai.

Soviet Russia Contains Huge Oil Reserves

The first All-Union conference of the Soviet Scientific-Oil Society took place in Baku Sept. 12, attended by over 200 delegates from all oil regions in the U.S.S.R. Besides all prominent Soviet oil experts, the gathering was attended also by a few foreign experts, including Prof. Stanley Herald of California University, Lester Ulran, American oil expert, and Holland, American engineer connected at present with the Azarbaidjan Oil Trust. The chairman of that trust, Barinov, reported on the oil resources of Russia. He stated that the old data placing the Russian oil resources in the third place in the world, had became obsolete. Explorations made in the Soviet Union during the last several years, have discovered, and still continue to discover new hitherto unknown oil-fields, and new oil bearing strata. (Lokbatan, Kala, Artem Island, Malgabek Nephtedag, and others . The Emba region, which previously was considered of only secondary importance, grew into a first rate oil producing region. It was stated at the meeting that the U.S.S.R. holds second place in the world, after the U.S.A. Oil deposits at Baku amount to one billion tons, in the Ural-Emba region to 850,000,000 tons, and in Maikop and Kuban to 75 million tons.

Denial of Report that Sir Frederick Whyte Has Been Reappointed Adviser

The Chinese Legation in Washington on Oct. 12 was reported to have announced that Sir Frederick Whyte had been reappointed Adviser to the National Government of China, a post he held from 1929 till last year, but four days later a *Reuter* dispatch from Boston stated that Professor G. G. Wilson of Harvard, a close friend of Sir Frederick Whyte, deprecated the story circulated a few days previously that Sir Frederick had been reappointed Adviser to the National Government of China. He said that Sir Frederick was approached last summer, but that nothing further had been done.

Situation in Cuba Becomes Much Quieter

The situation in Cuba has very much quietened during the past week and the United States has withdrawn most of its warships. There is no more talk of intervention by the United States. In the meantime the Government of President Ramon Grau San Martin is making a special effort to obtain recognition by the United States and other countries. Spain has already granted recognition.

Communist Literature Seized by Shanghai Police

The Shanghai Police raided the Chinese premises at 1133 Sinza road Oct. 14 and seized thousands of copies of the *Anti-War News*, a Chinese journal which had its inspiration in the recent visit of Lord Marley's anti-war group to Shanghai. A large quantity of pamphlets of a Communist character were also seized. Two Chinese and a Formosan were arrested.

The Problem of Marketing China's Raw Silk

BY PAUL K. WHANG (汪中芳)

IN economics, production and marketing are two outstanding factors which are so closely interrelated that they should be considered with equal importance. If we confine our attention to the methods of bettering the quality and increasing the quantity of our products without in the meantime paying an equal attention to the methods of distribution, we are liable to be faced with the problem of over-production as a result of the difficulty in disposing of our products. On the other hand, if we establish an elaborate system of marketing without heeding the necessity of improving the quality of our products, we shall meet with the equal hardship in extending the sale of our products. Therefore, in any industry, these two economic factors should be equally emphasized without discrimination.

In the silk industry, we have so far only directed our attention to the problem of production, and have not yet realized the importance of having a modern system of marketing. For decades, we have adopted the better methods of breeding silkworm eggs, rearing silkworms and manufacturing raw silk, but we are still selling our silk in the same old way and through the same old channel as we did half a century ago. With the evolution of modern business systems, coupled with the growth of competition, this old marketing system, of course, has become obsolete and inadequate to serve the present business requirements, which call for direct contact between the producers and consumers with the elimination of the service of middlemen as much as possible, extensive advertising and vigorous campaigning.

T. S. Miao, chief of the Raw Silk Department of the Shanghai Bureau of Inspection and Testing of Commercial Commodities, who has just returned from America after an inspection trip of more than four months, has hit the nail on the head by saying that one of the main causes responsible for the present precarious position of the Chinese raw silk in America lies in the fact that with only one or two exceptions, none of the Chinese silk merchants have special agents of their own to study the market and to promote the sale of raw silk on the spot.

An Obsolete Selling System

The present marketing system of raw silk dated from the time when the factory system was first introduced to China's silk industry, and has since been handed down to the present time without any modification in spite of the political, social and economic changes. Under this system, the middlemen have played an important part in bringing raw silk from the filatures of Chinese producers to the mills of foreign manufacturers. Without going into detail, I just give a brief description to illustrate how raw silk is sold under the present system.

The silk producers rarely have their own sales offices, and have generally relied upon the Chinese silk brokers to sell their products for them to the foreign exporters. The silk brokers have established their hongs and sold silk for the producers at a commission (the present commission is Tls. 3.75 per picul of White Steam Filature Silk). The silk brokers, with their limited knowledge of the English language, can approach the foreign silk exporters and bargain the price for the producers. Besides selling silk, the silk hongs have sometimes assumed the role of bankers by advancing money to the producers with raw silk as security.

The foreign silk exporters are not consumers themselves, and they just buy silk from China either on their own account or for the foreign manufacturers. In the former case, they speculate on the price of raw silk and will earn profit or sustain loss in accordance with the price at which they dispose of their holdings; while in the later case, they are buying silk for the foreign manufacturers at a commission. Therefore their service is again more or less of that of a middleman. All the local export houses are but the agents representing their principals in New York, Lyons, London and other silk markets. Very rarely foreign manufacturers have sent their own representatives to China to buy silk directly from Chinese producers. The principals of the local agents have also secured orders from the foreign manufacturers through the assistance of silk brokers. Thus we have practically the following complicated situation.

A foreign silk importer, say, in New York, through the assistance of a silk broker, has secured an order of, say, five piculs of raw silk and cable the offer to its local representative, who, again through the assistance of a local silk broker, secures the required silk from a local producer. Conversely, if a local producer wants to sell his silk, the procedure will be just in a reverse order. Thus for every picul of silk bought and sold, commissions to the middlemen amount to quite a big sum.

From the above, it can be easily surmised that the present marketing system of raw silk is not adaptable to the need of silk trade. The intervention of various middlemen has not only aggravated the evil of "squeeze," but also has set up many barriers separating the producers and consumers. This system has been especially harmful to the Chinese producers, because they have been entirely kept in the dark as to the requirements of foreign consumers

The service of Chinese brokers is really no longer necessary, when many of the Chinese producers can approach foreign exporters directly. Their presence is rather a handicap than an assistance in promoting the sale of China silk. As a matter of fact, what the brokers are interested in is their commission and "squeeze" and nothing else. In order to prompt the producers to sell their products, they are apt to pass out distorted news and magnified informations so as to weaken the producers' resistance to sell. Any market news they obtain from foreign exporters are second-hand and superficial and can not guide the producers in visualizing the realities of the situation at their true perspective.

Likewise, we can also dispense with the service of foreign exporters. Since raw silk is the most important industry in China, we should long ago have established our own sales offices in big silk centers to sell our silk directly to the consumers without the intervention of any middlemen. Moreover, the evil and corrupt practices perpetrated by the export houses have been too flagrant to be ignored. In the days when silk was valued by its chop tickets instead of its quality, a few of the unscrupulous exporters were apt to change the chop tickets of their purchased silk with their own without the knowledge of their owners. With the introduction of the new system of buying silk by specification, this evil has been mitigated somewhat. Another unfair practice often resorted to by many of the foreign exporters is that they purposely reject the silk which was bought at the time when the price was at a high level. The silk is generally sold several months in advance, but it often happens that at the time of delivery if the market price goes down the exporters will reject the goods on different pretexts. Besides, the employees of the export houses have indulged in "squeezing" money from the silk producers. As every bale of silk before being accepted by the exporters must go through different qualitatives tests, so that officers who are in charge of these tests, unless they are paid a fee, are apt to make a fuss over the quality of silk and make an unfair report to their employers. Thus now it becomes an established practice that a fee amounting to one dollar per bale is to be paid to the officers who are conducting these qualitative tests.

Direct Marketing Recommended

These unfair and corrupt practices have been long known to our producers, but so far no attempts have been made to improve this anomalous situation. The silk producers seem to be remarkably patient to tolerate these unhealthy conditions, so long as they can dispose of their products. This inadequate marketing system is partly responsible for the decline of China silk export in face of our competitors who have established an elaborate marketing system to distribute their products.

In order to extend the sale of our silk, there is no alternative but to sell our silk directly to the foreign consumers. To that end, our silk producers must send their representatives to the foreign silk markets together with ready silk stocks. This arrangement will, of course, do away with the intervention of middlemen and bring our producers into close contact with foreign consumers. But the expenses involved therein are too heavy to be borne by individual producers who have generally conducted their business on a very limited capital. In order to solve this difficulty, either the Chinese producers can agree among themselves upon jointly sending representatives to represent them, or

the government can open up sales agencies in foreign silk markets.

In view of keen competition among silk producers in disposing of their products, we doubt if they can come together to work out an agreement by which some joint representatives can be sent to foreign silk markets to serve the interests of all producers in an equally satisfactory manner. In this circumstance, the government, as a measure to develop China's silk industry, should open up sales agencies in the principal silk markets of the world to sell silk for Chinese silk producers.

In view of the importance of the silk industry to China's economic system, the government, which has invited foreign silk experts to come over to this country to assist our producers in bettering the quality of our cocoons and silk, should also lend its assistance in developing a modern marketing system to distribute our raw silk. We can not reestablish our silk industry, unless we lay equal stress upon the problems of production and marketing of our raw silk.

Shanghai, Oct. 16, 1933.

Jap Inventor Who Got Into Trouble

(Japan Chronicle, Kobe, Oct. 8)

It is difficult to avoid getting into trouble with the police in Japan. The Japanese Press reports that an inventor named Junzaburo Matsufuji, in Osaka, has been subjected to the inquisition that awaits offenders and suspects because he tried to sell an invention to China. The invention was nothing lethal, such as would have enabled China to conquer Japan in the course of an afternoon, but merely a machine for reeling silk of qualities that the ordinary reeling machinery refuses to tackle. None of the Japanese mills would take it, so he was reduced to trying to sell it to China. This, of course, would never do, so the police, on being informed, took action accordingly. As Matsufuji, though now poor, was once wealthy and the head of a large concern, the police feel sorry for him and are trying to get somebody to pay him something for his invention. But why should not the Chinese be given a chance to improve their industry?

Japan's Cotton Imports Rise—Britain's Imports Fall

The total consumption of cotton by Japan and Britain in 1932 offers striking contrasts. Japan's consumption of raw cotton rose to a new high of 2.7 million bales, compared with 1.5 million last year, while British consumption declined from 2.5 million to 2.4 million bales. Five years ago Japan used only 2.3 million bales, while Britain consumed more than 3 millions. The India conference at Simla is an attempt to adjust the heavy tariffs against non-Empire goods, which impose a 75% duty on Japanese cotton goods imports, and only 25% on the British product. Japan has a bargaining weapon in that she takes usually about one-fourth of the Indian cotton crop while Britain usually takes little more than 4% of the output of this member of the Empire.

The impact of Japan has been severely felt in Manchester and as a result a radical reorganization of the Lancashire cotton trade is taking place. Representatives of the Federation of Master Cotton Spinners have submitted to the Board of Trade a scheme under which 10,000,000 redundant spindles and 100,000 looms are to be put out of action by the closing of redundant mills. Steps are to be taken to prevent the sale of scrapped plant to foreign manufacturers at low prices.

Viscount Ishii, who attended the recent World Economic Conference in London as Japan's chief delegate, on his return to Tokyo Oct. 15 stated that he found that it was Japan's increasing trade rather than her actions in Manchuria that was worrying the world.

Register of Chinese Chambers Overseas to Be Kept at Nanking

With regard to the revision of Article 41 of the detailed regulations governing the enforcement of the Chamber of Commerce Law, the Executive Yuan, at its meeting Oct. 10, approved the recommendation of the Ministry of Industry to the effect that a register of the establishment of overseas Chinese Chambers of Commerce should be kept at the Ministry, of Industry with the assistance of the Consulates abroad.

T. V. Soong Explains China's Finances in Relation to World Problems

The following is a summary of the views of T. V. Soong, Chinese Minister of Finance, partly as contained in an article in the National Anniversary number of the China Press, October 10, and partly in a speech delivered at the dinner of the China Society of America in the roof garden of the Waldorf Astoria, in New York, May 22 last.

OUT of the stress of the world war and its aftermath, two powerful forces have emerged which are tending to revolutionise the whole basis of modern society. One of these movements is the remarkable transformation of the capitalist system; the other is the limitation of individual liberty. These two forces—the economic, and the other political—now dominate the international situation.

Twenty years ago, when I first visited the West, capitalism was almost universably regarded as the be-all and end-all of politics. Today the pillars of the capitalist system are being severely shaken and, where they have not already crumbled away, the State itself appears to be bent on undermining them.

Take the right to hold property. In some countries death duties are now so heavy that more than three-fourths of an estate can be appropriated by the State in the course of two successions. Owners of large estates are often obliged to sell out to the State—at the State's price—so that they may be distributed among small farmers and put to more productive use. Take again the growth of State intervention in industrial matters. The days of *laissez-faire* are long since over, and employers are now tied down to all kinds of regulations governing wages, hours, numbers of workers, and, in some cases, prices. Even banking and credit, the mainstays of capitalism, have not escaped from the intervention of the State in private economic enterprise.

Thus we see that an economic system which was once thought the ultimate in an imperfect world is undergoing profound modifications. It does not follow, of course, from the changes which have taken place that capitalism is destined to disappear and that the world is heading for communism. All that we are entitled to infer from the manifest trend of world events is that capitalism, in its extreme nineteenth century form, is being rapidly displaced by a broader conception of the function of the State. From an instrument for the simple preservation of order and protection of private property, the State is developing into a central agency for the promotion of all the multifarious interests of a complex modern society. Moreover, according to some observers, communism in its extreme form is also being modified, and we are perhaps witnessing a tendency for the two opposite system of capitalism and communism to move towards one another.

Significant Change in Political Principles

An equally significant change has taken place in political principles. The development of democratic institutions used to be regarded as the supreme task of government. For a time it seemed as if the democratic or republican regime had been finally established with the disappearance of so many monarchies after the World War. Today, however, we can no longer be so certain of the permanence of democracy. All over Europe dictatorships are being set up, and virtually dictatorial powers have recently been granted to the President of the United States. The West seems to be turning its back on the older conceptions of freedom. The belief is spreading that, in times of crisis, democratic methods of government are ineffective. What people are looking for is a unfied program and a leadership strong enough to carry it out. To this end they are willing to subordinate all their other aspirations.

Has this process of transformation in the economics and politics of the West any bearing on the situation in China? The danger of economic stagnation which these movements seek to parry is common to China and to Western countries, but here in China we have another, and much more formidable, problem to solve. For we are struggling not only for economic prosperity but also for the unity of our nation.

How are we to achieve national unity? There is only one way—we must build up a national policy capable of being generally acceptable to, and in the interests of, the large masses of the people; and then, having evolved our program and made sure of its endorsement, we must enforce it and lead the way to our people by demonstrations of our readiness to sacrifice ourselves individually to the welfare of the State as a whole, and by a strict discipline of those who are determined to see the program through, so that consent of the whole country to the application of the program will ensue as an inescapable public urge.

In carrying out our program of economic reconstruction, we may count on the support of other nations. If we want help from outside, let us first help ourselves. We must forget the petty political bickerings and the subtle academic distinctions which have hitherto divided us. We must not waste our time in a barren debate as to whether the second, the third or the fourth plenary conference is the real constitutional organ of our Government. Let us join together in a single endeavor to achieve national unity and let us overcome all obstacles which lie in our path towards this supreme goal.

National Government Started from Small Beginnings

The present National Government in China started from very small beginnings under the late Dr. Sun Yat-sen, as a popular movement against the military tuchuns or war-lords who then controlled China in the name of the Republic. Starting in 1926, with an influence extending only over a short distance from the city of Canton, its progress was rapid and continuous until it gained its present position of national control. This alone represented a tremendous step forward, but much more has been accomplished during the period of which the world has seen but little. Substantial progress has been made in the domain of public works, education, transportation, sanitation, industrial and commercial development, and the improvement of the banking structure of the country. Of these and other evidences of social and political growth in China, I shall not attempt to speak today. Times does not permit me to discuss all phases of recent national activities, but a cross-section might, at the brief time at my disposal, give a more concrete impression than generalities. This cross-section, as I said before, I propose to make in describing recent developments in national finance.

During the earlier years, the Government was obliged to borrow heavily not only in order to expand its authority but to carry out the most needed reconstruction projects, and the sinking fund for these loans absorbed an increasingly large share of the national income. Then came a sudden change in the policy and position of the Government. For the year from February 1932 to March 1933, at which later date a fresh wave of Japanese invasion forced the Government to incur extraordinary military outlay, the National Government was able to keep its expenditures within its current income. It was able to achieve this at a time of world-wide depression, when most governments had to incur the Government had to confront the appalling burden large deficits. In addition, it must be remembered that

of the 1931 floods, the severest floods in recorded history; the slump in the value of silver; general confusion and lack of confidence in business as a result of Japanese aggressions; the militant Communist menace in the Province of Kiangsi, the suppression of which had been time and again retarded by fresh Japanese military encroachments; and finally, the seizure by Japan of the entire national revenue in the three rich Manchurian provinces. Although the puppet government of the so-called "State of Manchukuo" has promised to make available the proportionate parts of the Manchurian national revenues pledged for the payment of certain foreign loans, this undertaking, incidentally, has been honored in the breach rather than in the observance.

How China Balanced Her Budget

How, then, was it possible for China to balance her budget? Firstly, confronted by the National dangers, the Government had to stop most of its constructive efforts and to deny herself everything considered for the moment unessential to its existence. However, there was no haphazard slashing of the budget. The military, educational, diplomatic, and revenue-collecting services were fully maintained. The pressing problems of flood rehabilitation could not be postponed, and five thousand miles of dikes had to be built or renewed. Also, public works, including the building of long lines of highways necessary to link the country together, light railways, water transportation, and commercial aviation, were in spite of everything, advanced. But for the most part, civilian departments of the government were drastically curtailed, so that only the bare skeletons were maintained. Of course, these curtailments worked very great hardships upon the persons directly affected, and it may readily be imagined that the Minister of Finance did not enhance his popularity by being obliged to say that if there was not money enough, it was "just too bad."

Secondly, there was effected a conversion of the internal loans by means of which the Government considerably reduced its current debt charges. In many respects, this scheme of conversion was similar to the ones employed by Great Britain and France, with which you are doubtless familiar. The success of the conversion may be conclusively gauged by the general advance in the market prices of domestic securities which ensued.

Thirdly, together with these reductions in expenditures consistent efforts have been made to increase the national revenue and to improve the tax collecting organizations. Customs rates have been adjusted so as to yield a greater return. The salt administration has been unified and made more workable, and the other internal taxes simplified and wherever possible consolidated.

When I took over the direction of the National finances, I found in existence a motley array of taxes of all kinds, some of them yielding barely enough to pay the cost of collection. The Government immediately took steps to remove the taxes that were harmful to trade, and to simplify and consolidate others that were more productive and less burdensome. Thus the well-known likin taxes which had been the greatest barriers to trade were done away with in January 1931, and at the same time, the native customs taxes were abolished. The removal of these various burdens upon domestic trade have meant a considerable loss of revenue to the Government, but it is believed that this loss is more than compensated for by the resulting benefits to trade, thus indirectly increasing the other National revenues. Apart from the provincial and local taxes, China now possesses a comparatively simple and unified system of national taxation.

The establishment in 1926 of the Central Bank of China is another achievement of the National Government. Another reform which removes a great obstacle to trade in China is the abolishing of the different taels.

Japanese Goods in China Sold by Foreigners Under New Labels

Taking advantage of the anti-Japanese boycott in China since the Manchurian incident, many foreigners in Dairen have established trading houses for the export of Japanese goods, under different labels, to China, says *Rengo*. These foreigners have built up a big trade, it is said, by importing Japanese products, such as cloths, cotton goods, rayon, neck-ties, etc., from Osaka and Nagoya, and exporting them to Shanghai, Hongkong, etc.

Quaker Oats, best balanced of all cereals, is a wonderful aid to health, vigor and vitality.

Its nutritive elements, consisting of carbohydrate, protein, eight minerals, vitamins and roughage, are so correctly proportioned that authorities agree Quaker Oats should be a part of the daily diet of everyone. Quaker Oats is a natural food...delicious...easily digested... quickly assimilated.

Eat it every day. It will help you maintain health, energy, beauty and grace. In its new quick cooking form, Quaker Oats is easier than ever to prepare, it cooks in 2½ minutes from the time the water boils.

QUICK COOKING
Quaker Oats
Cooks in 2½ minutes—longer if you prefer 3630A

Dissension Occurs Among Mongol Leaders Over Autonomy Issue

Divergence of opinion is reported to have occured among the Mongolian princes in Charhar over the question of creation of an autonomous government in Inner Mongolia, according to reports received from Kalgan on October 10. The report stated that while some of the Mongolian princes are in favor of establishing an autonomous regime, others are strongly opposed to it, fearing that they would be playing into the hands of the Japanese. Both parties are holding tight to their opinion and it is feared, they may resort to force to settle their difference.

According to a telegram from Suiyuan on October 11, the Mongolian princes held another meeting at Pailinmiao (in Suiyuan) on October 9 under the chairmanship of Prince Teh, leader of the autonomy agitation. The meeting was poorly attended and nobody expressed any views on the autonomy question. It was adjounred pending the arrival of the Government's Pacification Commissioner, General Huang Shao-hsiung in Kalgan. However, despite the failure of the meeting, Prince Teh is reported to have been determined to realise his ambition and have already completed arrangements for the establishment of the autonomous government. To win support of the Mongolians, he has decided to make Panchen Lama, who is now in Suiyuan, the religious head of the new regime. Prince Teh, being Garrison Commander at Panggiang, has now about 6,000 Mongolian troops under his command, with several graduates of the Whampoa Cadets' Acdemy and the Japanese Military College as his subordinate commanders. Both the men and officers of the Garrison Force are Mongolians. This unit is well-equipped and considered the strongest in Inner Mongolia.

Further reports from Japanese and Chinese sources give divergent versions of the Mongolian situation. A *Rengo* telegram from Mukden on October 15 reported that Inner Mongolia under the leadership of Prince Teh has declared independence of Nanking Government. Prince Teh is said to have collected an army of 100,000 trained Mongol troops, comprising of three divisions. A *United Press* dispatch from Mukden on October 13 reported to the same effect. Meanwhile, it is reported that nine Mongolian students have been sent to Japan by the "Manchukuo" Government to study military affairs and government administration of Japan. They arrived at Tokyo on October 13 and are to remain in Japan for three years, after which they will either be appointed officials of the "Manchukuo" Government or sent to Inner Mongolia to join Prince Teh.

Prince Teh's Agitation Likely to Fizzle Out

A *Reuter's* message from Peiping on October 13, quoting Chinese dispatches from Kueihua, Capital of Suiyuan, stated that Prince Teh's agitation for Mongolian autonomy is likely to fizzle out owing to the lack of support from Mongolian Leagues. Prince Teh is a deputy leader of the Silingol League in Northern Suiyuan and his influence is limited in scope. But he is said to be very ambitious and considers himself as the modern Gengis Khan of Mongolia. After the recent issue of a circular telegram demanding autonomy for Inner Mongolia, he called a meeting of Mongolian princes at Pailinmiao in Suiyuan on October 3, but none of the leading Mongolian princes showed up and it was finally postponed to October 9, which was equally poorly attended. At the latter meeting, he proposed the setting up of an autonomous regine in Inner Mongolia, however, his proposal was not seconded. As a face-saving measure, he then announced that he would first draw up a set of regulations governing the enforcement of self-government, but this suggestion again failed to meet with any response. According to reports from confirmed sources, Prince Teh has been in secret communication with Manchukuo Authorities and is trying to declare independence of Inner Mongolia on his own accord from Nanking as a first step toward a fusion with the Manchukuo.

According to a Kalgan message on October 14, Prince Cho-Ta-Pa-Cha-pu, an influential Mongolian leader who recently assumed office as member of the Charhar Provincial Government, announced his intention of proceeding to Peiping at the end of the month to confer with General Ho Ying-chin on the Mongolian situation. He said that the present autonomous agitation in Inner Mongolia had been entirely instigated by Prince Teh. The autonomous conference convened by him was attended only by a small number of representatives of the silingol League, as six out of the ten Banners of the said League are opposed to his action, while twelve banners of Charhar did not send any representatives to the Conference.

General Huang Hsiao-hsiung and Chao Pei-lien, respectively Minister of Interior and vice-Chairman of the Mongolian and Tibetan Affairs Commission, who have been appointed Government's Pacification Commissioners to Inner Mongolia, are scheduled to leave for Charhar on October 20. As soon as they arrive at Kalgan, they will call a meeting of the Mongolian princes and discuss measures for the institution of autonomous rule for Inner Mongolia. They will cooperate closely with the Provincial Governments of Charhar and Suiyuan in their mission.

The Government received a telegram from Panchen Lama on October 8, reporting on the seriousness of the autonomous movement in Inner Mongolia. He declared that prince Teh is planning to call another meeting of Mongolian princes at Dolonor to discuss concrete measures for the creation of an autonomous regime and the whole movement is sponsored by the Japanese. He requested that the Government should immediately dispatch high officials to Inner Mongolia to supervise the activities of the Mongolians, lest it becomes too late to do anything.

President Wang Ching-wei on October 15 submitted a petition to the National Government requesting that the Panchen Lama be commended by a Government Mandate for his good offices in connection with the local autonomy movement in Inner Mongolia launched by Prince Te-Mu-Chu-Ko-Tung-Lu-Pu. In view of his familiarity with Mongolian affairs, the Panchen Lama has been urged by President Wang to proceed to the Capital to advise on the Mongolian autonomy issue. It is understood that the Tibetan religions head is coming to Nanking shortly. However, according to reports from Peiping on October 13, the Panchen Lama will shortly return to Tibet by way of Chinghai, an understanding having been reached between him and the Dalai Lama of Tibet.

General Ho Ying-chin, acting chairman of the Peiping Branch Military Council, called on the Chanchia Living Buddha, the spiritual dignitary and Pacification Commissioner of Inner Mongolia on October 14, and had a brief talk with him. It is still uncertain when the Living Buddha will leave for Inner Mongolia on a mission of goodwill for the Central Government. He originally intended to proceed there after a brief stay in Peiping, but as the organization of his office has not yet been completed, he has decided to postpone his trip.

Press Comments on the Situation

Commenting on the Mongolia agitation, the *Peiping Morning Post* in an article on October 9 pointed out that the demand of the Mongolian princes under the leadership of Prince Teh for a "High degree of autonomy" virtually amounts to a demand for independence. Since the establishment of the Republic, the paper commented, many frontier provinces have been lost to China. Outer Monngolia has virtually become a colony of Soviet Russia. Inner Mongolia, being contiguous to the fallen Three Eastern Provinces, has been steadily menaced by the advance of Japanese Imperialism. The news that Inner Mongolia is seeking to take advantage of the present national crisis to wrest autonomy from the Government, should therefore be received with distress by all patriotic Chinese. Then, the paper pointed out the various factors which have brought about the present agitation in Inner Mongolia. In the first place, the Mongolian and Tibetan Affairs Commission at Nanking not only has failed to command confidence and respect of the Mongolians, but has done many things calculated to alienate their sympathies from the Government. Further, the several Mongolian members of the Government have long lived in China Proper and lost contact with their home people, but do not know the actual needs of the Mongols. This situation has in no small measure contributed to the present estrangement between Nanking and Inner Mongolia. Another responsible factor for the present situation has been the fondness of the younger leaders of Kuomintang to talk about the overthrow of hereditary and feudalistic influences. This naturally has caused alarms to the Mongolian Princes. Things would have developed differently, the article said, if the Government had secured enough support among the younger elements of the Mongolians to offset the influence of the conservative leaders. Then the article called attention to the ridiculous fact that the Chairman of the Mongolian and Tibetan Affairs Commission is a native of Szechuan and has never been in Mongolia or in

Tibet, which fact serves to explain why the Government has lost touch with these two districts. It is true that the Government has paid some attention to the education of Mongolian youths for civil, service, but because of the lack of a consistent policy, they have been out of employment and disgruntled with the Government. This fact is being exploited by the Prince Teh in his present agitation for autonomy. In a word, Prince Teh is trying to fan popular dissatisfaction with Nanking into an autonomy movement for the purpose of gratifying the ambitions of a few disgruntled Mongolian leaders. But, if the Government had not sown the seeds of discontent in Inner Mongolia, the paper concluded, the present movement would not have arisen, the agitation of Prince Teh or his cohorts notwithstanding.

Shanghai Power Company Official Denies Strike Allegations

Denying the allegation that the Shanghai Power Company has any intention to abolish gratuities to its employees, a high official of the Company, interviewed last Monday on the strike situation in their plant, stated that as a matter of fact, the Company had paid more gratuities than were paid when it was operated by the Shanghai Municipal Council. He said that before the Company bought over the property in 1929 no gratuities were paid to workers who served for less than twenty years, but since the present management took over the Company, the system of gratuities has been revised and more favorable terms have been given the workers as an encouragement for their continued service. However, according to the agreement between the Company and the Municipal Council, the Company will pay no gratuties to workers who are dismissed for bad conduct, negligence of work or any another faults of their own.

Asked about the cause of the present trouble, the official stated that the Company had been completely ignorant of the situtation of the strike and up to the present (Monday, October 16), had received no demands from the strikers.

While the approximate cause might be assigned to the recent discharge of three workers, however, it is believed that the real situation must be more complicated than that. In the opinion of this official, the strike has been instigated by only about five per cent of the workers, who are the real agitators and who received encouragement and support from outside sources. The majority of the workers have been simply intimidated to join the strike, but as regards themselves, they would be most anxious to resume work.

Then, he related the story of the dismissal of the three workers by the Company, Tsen Bing-kong, Te Dzung-hun and Sih Ah-pao. Tsen had been found loafing and sleeping at work at various times since Feb. 7, 1929. He was suspended from work as a warning in August 1932, but was again found loafing on March 11, this year. Finally, he was discharged on September 27 for sleeping at work. Te Dzung-hun joined the Company in 1929 and was given a promotion last year. But he has been found on several occasions leaving work to talk among the workers and was dismissed for repeated laziness and unwillingness to work. Sih Ah-pao, the third man discharged, was found asleep during work on September 13, 1933. Then, he said he was sick and asked for a leave. The Company's physician gave him two days for rest. On September 15, he returned to work. But he again disappeared without either knowledge or permission of the Company. He had not been heard of until September 25, when he returned, announcing his intention to quit service of the Company and wanting to be paid. He was discharged. All three men asked for gratuities, but according to the regulations of the Company, they were not entitled to them, because they have not yet served for twenty years and had been been dismissed for their own faults.

The Company official also emphatically denied the charge that the Company is replacing Chinese with foreigners. Just the reverse of the allegation, he said that the Company during the past few years had reduced its foreign staff and taken many Chinese engineers. As regards the workers generally, the Company had increased the wages of Chinese workers by 20.6 per cent since taking over the interests of the Company in 1929. Statistical records show that the Company has reduced its foreign staff by 21.6 per cent and the Chinese staff by only 18.1 per cent.

The strike at present affects about 1,500 men and is said to be weakening.

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via CGRA-RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES....

In CHINA file your messages
"via CGRA—RCA"
(Chinese Government Radio Administration
R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.

(A Radio Corporation of America Subsidiary)
Office of Representative—Sassoon House—Shanghai.

GARGOYLE

CHANGE TO WINTER GRADE

Mobiloil

A SOCONY-VACUUM PRODUCT

Chinghai---A Pratically Undeveloped and Primitive Country

Chinghai (Kokonor) is still an undeveloped country and in many places, the people are leading a primitive existence, according to a Chinese observer who just returned from a visit to Hsi-ning, Capital of that province. He said that although Chinghai is one of biggest Chinese provinces, it is very sparely populated and there are only few cities throughout the province, many of them being newly established. The population numbers about one million, only about one-third of the population in Shanghai. The people in Chinghai are mostly engaged in agricultural enterprises and there is practically no industry in the strict sense of the word. The people of Chinghai are composed of different races, Chinese, Mongolians, Mohammedans and Tibetons, but they live peacefully without much racial animosities, like those in Sinkiang. Most of the Tibetans live in the South, the Mongolians in the North and the Chinese and Mohammedans in the central part of the province. Southern Chinghai being near Tibet and inhabited by the Tibetans, it has recently been subject to Tibetan invasion.

Construction is almost nil in the province and the word probably has been never heard of. Throughout the whole province, there are only few highways which are barely passable roads, and only about ten motor-cars. Electric light is unknown in Chinghai and even Hsinning is not lighted. Recently, a telephone service was introduced, but it is too expensive to be popularized.

Although rich in natural resources, Chinghai is an extremely poor province, as there is neither business nor industry. The annual income of the Chinghai Provincial Government amounts only to $1,000,000. The financial plight has been worse since the Japanese occupation of Manchuria as this has prevented Chinghai from exporting its furs which are in abundance.

Education in Changhai is undeveloped. There are now only about 200 primary schools and five or six middle schools. This is partly due to the lack of funds and partly to the lack of students. People in general are not interested in education, being absorbed in their work on farms. For moss education and general information, Chinhai has only two newspapers, one operated by the Chinghai Kuomintang office and the other by the Provincial Government. There is one wireless Station at Hsinning, on which both the papers depends for their news from other parts of China.

As compared with other provinces, Chinghai has a very small standing armed force. There is only one Division of troops commanded by the Mohammedan General Ma Pu-fang, which is considered sufficient for the purpose of maintaining order in the province.

According to a message from Hsi-ning, Chinghai is now suffering from a shortage of coal as a result of the disruption of traffic due to heavy rainfall. The local authorities at Hsi-ning are now devising means to cope with the situation.

General Sun Encounters Serious Opposition in Advance to Chinghai

According to a dispatch from Peiping on Oct. 3, General Sun Tien-ying, Land Reclamation Commissioner in Chinghai (Kokonor), is encountering serious opposition from the Chinghai authorities in his attempt to enter that province. In an official report to the Peiping Military Affairs Commission, Gen. Sun stated that he can not proceed further westward because of the miliary preparations made by the Chinghai troops and asked for instructions what he should do to deal with the situation. Gen. Ma Lin, Mohammedan Chairman of Chinghai, the report added, has definitely decided to prevent him from entering Chinghai by force of arms and threatened to attack his men if they continue their advance.

Under instruction from Gen. Huang Fu, Shen Chang, Managing Director of Peiping-Suiyuan Railway, left Peiping on Oct. 5 to see Gen. Sun Tien-ying at Paotaochen and discuss with him the matter of land reclamation in Chinghai. Mr. Shen will also investigate the trade relations between Sinkiang and Mongolia.

Further reports state that Gen. Sun has received a telegram from Gen. Ma Lin, Mohammedan Chairman of Chinghai, demanding immediate withdrawal of his troops from Ningyuan, a city on the Ninghsia and Suiyuan border, and declaring that if Gen. Sun established military depots or requisite food supplies in Chinghai, Kansu and Shensi, he would take definite actions to restrain him.

In addition to the hostitle attitude of the Chinghai authorities, Gen. Sun is also meeting with opposition from Ninghsia and Kansu, through which provinces he has to pass before reaching Chinghai. In a telegram to Gen. Sun, Gen. Ma Hung-kwei, Chairman of Ninghsia, urges his units not to advance further westward of Kanla Ho River. Gen. Ma states that Chinghai troops have already arrived at Ninghsia and Kansu borders, while Gen. Chu Shao-liang, Chairman of Kansu, is coming immediately to Ninghsia City, Chapital of that province. He has issued a circular telegram, prohibiting the establishment of military stations in Kansu, Chenghai and Ninghsia, this action being aimed at Gen. Sun. With the concentration of the Kansu, Ninghsia and Chinghai troops at Ninghsia, Gen. Sun is advised to halt his march westwards in order to avoid troubles. Gen. Sun, it is learned, has a sent a representative to see Gen. Ma to negotiate for passage of his men through Ninghsia.

According to a telegram from Nanking on Oct. 13 the Government has sent an urgent telegram to General Sun instructing him to postpone his departure for Chinghai until an agreement has been reached with the Chinghai authorities for the safe entry of his troops into that province. The Government has also telegraphed to General Ma Hung-kwei, Chairman of Ninghsia, demanding an explanation why he refuses to admit General Sun's troops into his province.

A report from Peiping on Oct. 14 stated that despite the refusal of General Ma Hung-kuei, to permit the passage of his troops through Ninghsia *en route* to Kokonor (Chinghai) for reclamation duty, Gen. Sun has been instructed by General Chiang Kai-shek, President of the Military Affairs Commission, to continue his march westwards. General Sun has further been enjoined to report to General Chiang any hindrances encountered by his army on the way.

National City Bank Photo Exhibition Attracts Many Visitors

Attracting a large crowd of vistiors, both professional and amateur in the art of photography, the fifth annual photographic exhibition of the National City Bank of New York opened on Oct. 12 with a fine collection of pictures at its Shanghai Offices, 2A Kiukiang Road. The exhibition was held in large room at the Bank building and altogether 210 pictures were on display. The photos cover various phases of life and were collected from many parts of the world where the Bank has its branches. A special feature of the exhibition this year was the photography of animals, insects, birds and fishes, while pictures of human life and landscape were equally pleasing and attractive. The pictures were all of equal size and mounted in the same manner. The first prize for portrait was won by Miss Nancy Stannard of the London Office of the Bank with her picture "Old English" depicting a countrywoman of the old days in England. F. M. de Remedios of the Shanghai office was winner of the first prize for animal life with a fine photo of Gold Fish. The first prize for landscape was again captured by the London office, Miss S. A. Fee's "Cool Waters" depicting a country scene in the hilly parts of England being the winner. Two photos by the staff of the Shanghai office were given specially honorable mention. The one was taken by Mrs. Hilda G. Ozorio of water buffaloes, while the other of a spider was taken by J. H. de Carvalho. Besides these two, many others by the Shanghai office received honorable mention. The winners this year were awarded silver pagodas, instead of silver junk models as were awarded last year. The judges of the exhibition were R. V. Dent, L. J. Hughes and Dr. R. C. Robertson. The exhibition lasted for one whole week and was closed ast Wednesday Oct. 18.

Japanese Train Mongols for War with Russia, Report Says

According to a *Hua Lien News* Agency report from Tokyo on October 13, the Japanese military authorities in Manchuria are bending their energy on training Mongolian horsemen into an organized cavalry force for future use against the Soviet Cossacks. At present 50,000 Mongolian horsemen are under rigid training by the Japanese. It is understood that the ultimate object of the Japanese military authorities is to have 200,000 Mongolian cavalrymen ready by the time when Japan declares war on Soviet Russia.

AS THE JAPANESE SEE SINO-JAPANESE RELATIONS AFTER THE LUSHAN CONFERENCE

(*Continued from page 324*)

If Japan contemplates a retaliatory measure against the anti-Japanese economic movement of China, the drawback attending the Chinese financial organization affords a unique point for us to take advantage of.

Generally speaking, businessmen run after profit regardless of political considerations, more often than not. This is especially the case among the Chinese. The Chekiang Financial Clique having received a severe blow from the tangled Sino-Japanese relations, is sincerely desirious of seeing them restored to normality.

But there are in the group many who believe restoration to be hopeless so long as the Manchurian question remains as at present. This firm belief of the Chinese financiers, who have no eye on anything other than their economic interest, is a highly significant fact, worth serious attention in dealing with Sino-Japanese issues.

Many Records Smashed at Nanking Athletic Meet

The National Athletic Meet which commenced at Nanking Oct. 10 and has continued from day to day since has proved to be a huge success. The track and field events resulted in many records being broken.

Miss Chien Hsin-su of Shanghai was crowned unofficial queen of the meet Oct. 13 when she shattered no less than five national records, capturing the women's 100 metres, 200 metres, 80 metres hurdles and was placed second in the broad jump, although her jump beat the record. Then in the women's 400 metres relay race, when the Shanghai and Canton teams were neck and neck all the way, Miss Chien took over the baton for the final stretch. She won the event for Shanghai in the new national record time of 54-3/5 seconds. Shanghai won both the men's and women's track and field championships. Peiping, however, gave Shanghai stiff opposition in the field championship, for the northern team led by six points when the final field event—the pole vault—was contested. In this, Shanghai won the first three places, thereby winning the championship with a four points' lead.

The Manchurian sprinter, Liu Chang-chun, won the men's 200 metres final, his time being 22.1 seconds. This set up a new national record.

A Shanghai athlete, Fu Pao-lu, won the pole vault final with a leap of 3.75 metres, this also surpassing the previous national best.

Miss Ma Chi of Shanghai won the women's shot put final with a national record put of 10.35 meteres. Miss Chien Hsin-su won the women's 100 metres final. Her time was 13.5 seconds.

A Shanghai athlete, Tao Ying-chieh, won the men's 400 metres hurdles final in 59.2 seconds, another new national record.

Lo Ching-lung of Peiping won the men's 800 metres final in 2 minutes, 5-1/5 seconds, still another record.

Miss Chien Hsin-su also established a record for the women's 80 metres hurdles. She won the event in 14.5 seconds.

A Cantonese girl, Miss Yen Hsiu-ying, won the women's baseball throw with 45.35 metres, this being also a new national record.

King Chun-kan of Kiangsu, won the men's 10,000 metres race final is 34 minutes, 47-2/5 seconds. This also smashed another national record.

Shanghai suffered its first major defeat in the National Athletic Meet Oct. 14 when Canton beat Shanghai in the men's 400 metres relay race in the new national record time of 44.2 seconds. Nanking was placed third and Peiping fourth.

In girls' basketball, Peiping won from Hupeh by 60 points to 11 and Canton defeated Honan by 46 points to 24.

Shanghai won from Hongkong owing to the latter defaulting in women's indoor baseball.

In women's lawn tennis, Shansi beat Nanking by two matches to one, Szechuen beat Hopei by two matches to nil and Shanghai gained a win over Anhui by three matches to nil.

In women's volleyball, Peiping beat Kiangsu by three to nil and Hongkong defeated Hunan by three to one.

In men's volleyball, Chekiang won from Nanking by three to one and Canton defeated Kiangsu by three to nil.

In Association football, Hongkong beat Peiping by three goals to one and Shanghai scored an easy victory over Liaoling.

人造自來血

聖 "CHILAI" 補

藥 BLOODTONIC 血

Enrich your life's blood by taking BLOODTONIC. BLOODTONIC has stood the test of time and is justly famous.

Obtainable at all dealers or from

INTERNATIONAL DISPENSARY

581 Foochow Road, Shanghai

五洲大藥房

CUSTOMS NOTIFICATION NO. 1323

The public is hereby notified that, in accordance with Government instructions, the export abroad, free of duty, of rice and other cereals is permitted as from this date and that the bond procedure in force for the coastwise shipment of rice is cancelled.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 13th October, 1933.

CUSTOMS NOTIFICATION NO. 1324

DRAWBACK CHEQUES DATED BEFORE 1ST JANUARY, 1931, TO BE INVALIDATED AFTER 31ST JANUARY, 1934.

Acting under instructions from the Inspector General of Customs, I hereby notify the public that all unclaimed cheques dated between 1st January and 31st December, 1930, will be destroyed unless claimed before 1st February, 1934. Similarly, Drawback Cheques dated between 1st January and 31st December, 1930, which have been issued but not cashed, will be invalid after 31st January, 1934.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 16th October, 1933.

Dangers Involved in the Present Drift of Chinese Policy Toward Japan

(By a Chinese Correspondent in Peiping)

THE recent decision by the National Government to send General Chiang Tso-pin back to his Tokyo post was the latest, though not the least, fact to keep the nerves of political prophets busy. Coming among the juncture it did, this move could not but cause with the bewildered public further misgivings as to the most likely way in which the Sino-Japanese impasse is to be overcome. The press suspected compromise, nay, surrender on China's part, and the citizenry has been obsessed by the same fear, in spite of the repeated denials by government spokesmen that any change in foreign policy was ever contemplated. Without completely subscribing ourselves to the current suspicion on the one hand and doubting the apparent sincerity of the central authorities on the other, it may be said, however, that the situation to-day is radically different from that prevailing last year, or even several months ago.

It should be clear to everyone that there is nothing in the political structure of this country to prevent a change in her foreign policy, if change it must. Responsible government cannot thrive in a soil where the so-called legislative machinery is neither a representative system nor that of delegation, but mainly a consultative appendage to the executive. For that reason no political crisis is precipitated and no government need fail when emergency demands a complete re-orientation, let alone minor modification, in its conduct of foreign relations.

Curiously enough, our government has not actually been so free from responsibility as its constitutional position might imply. Public opinion, it seems, must be respected, whether genuine or not. It might take almost any form—a protest from a coterie of politicians "in the wilderness," a manifesto on the part of some influential literati, or a joint telegram sent out by a few powerful warlords. And its potency was fully demonstrated by the fact that it has defeated or obstructed more than one project emanating from the Foreign Office.

Government's Sorry Situation

The sorry situation in which the government found itself—non-responsible where it should be responsible and responsible where it should not be—had one natural corrollary—drift, passivity and submission to superior force: It is no exaggeration to say that the development of the Sino-Japanese dispute to such proportions as now obtain owes much to our own dilly-dallying and dodging of the issue. Having spent our sorely needed time appealing for international help instead of seeking a diplomatic settlement, or, failing which, preparing the nation for the worst, the leaders at Nanking did not realize that they were throwing away the last chance of saving Manchuria. They sat tight doing nothing except giving a categorical "no" to every proposal coming from Tokyo. This stiff attitude has proved not only undiplomatic, but disastrous—it led to the ascendency of the Army over civilians in Japan, with its dire consequences to China and the world.

To say that Nanking's policy consists in having no policy does not tell the whole story. Drifting and passive as it is, it has followed a line of least resistance which lies in submission to superior force, real or imaginary. The appeal to the League was made by Nanking on the belief that Geneva's words would carry more weight with Tokyo than its own. Mob opinion expressing itself through acts of violence was allowed to sway the course of diplomacy because the existing regime had not then been so sure that it could survive a mass movement of the famous May 4 type. A similar explanation may be made of its susceptibility to the threatening moves on the part of disgruntled politicians and militarists.

Nanking's Inconsistent Policy

Meandering through these forces, the course of Nanking's policy vis-à-vis Japan was necessarily inconsistent. It displayed on its surface a current toward armed resistance, while its under-current stopped with invoking the League's intervention. This paradox had not been solved by the Shanghai conflict and subsequent truce. It had dragged on, longer than it should, until the Tangku Armistice put a stop to sham and landed us in the abyss to which inaction and hesitation had inevitably led. Nanking bowed anew to a superior force. As a result anti-Japanese music was soft-pedaled, while explanation followed explanation that co-operation with the League would be confined to the purely technical sphere. And the harassed steersmen of our ship of state heaved a sigh of relief when they thought they had weathered an unprecedented storm. But is plain sailing ahead?

The answer is to be found in the events of the past four months.

First, let us look at the Chinese political scene. Ever since the signature of the Tangku agreement, Dr. Lo Wen-kan was reported as having suffered from poor health. In fact, his days of usefulness had been numbered when General Huang Fu, a political hermit at Mokanshan, staged his meteoric comeback. General Huang's emergence from retired life was generally admitted to be a signal victory for the Japan-returned students and members of the defunct Anfu Club. This has been borne out by such men as Wang Keh-ming and Wang Yi-tang re-entering political limelight. But the holy alliance thus formed under his leadership did not receive the blessing of the Waichiaopu, which found its wings clipped in North China.

It was evident that this embarrasing situation could not long continue. A choice had to be made. It was made at the Kuling Conference and the outcome was the inauguration of the control of foreign policy by the triumvirate of General Chiang Kai-shek, Wang Ching-wei and General Huang Fu. In consideration of his services and his need for a rest, Dr. L. was rewarded with an inspection tour to the Northwest.

The Foreign Office thus vacated was taken over, ad interim, by Wang Ching-wei, President of the Executive Yuan. There was nothing unnatural in this procedure. Neither was there anything unusual about the numerous interviews and conclaves which have taken place, since Mr. Wang stepped into the Waichiaopu, between the Chinese and Japanese diplomatic officials. They were represented to be the customary calls and visits of courtesy and routine. Yet it could not escape anyone that no such punctilio had been observed before. At any rate it would be useless to conceal a desire to break the ice when, after a prolonged leave, General Chiang Tso-pin was finally ordered to repair to Tokyo.

What Is the Japanese Mood?

So much for the Chinese attitude. What it may be asked, is the Japanese mood?

Briefly it may be said that Tokyo has been, outwardly at least, in no hurry to come to terms with Nanking. The Tangku Truce has given Japan all or nearly all she could desire for the time being. Since its interpretation is the sole business of the Japanese, it may even be used as an instrument for further aggression. At present the temper of the Army is still running high, especially as it has to see through its budget demands. It has just shown its teeth by removing Count Uchida from the Foreign Office because his "ashes" policy was not considered positive enough to tide Japan through "extraordinary times." The new Foreign Minister, Mr. Hirota, was therefore anticipated to be more faithful in catering to the wishes of the military autocracy.

And we are not mistaken. The significance of Mr. Hirota's declaration of policy to the effect that China would find it to her own benefit to return to friendly relations with Japan is being daily appreciated. It points to compulsion—to the intrigues and incommoding acts in the "demilitarized zone" which are calculated to force a complete capitulation on the part of China. This is the danger against which those who counsel the resumption of Sino-Japanese friendship at this inauspicious moment should be forewarned.

It is most improbable that Nanking and Tokyo, at such cross purposes with each other, can arrive at a settlement by common consent. There is no sign to show that Japan will continue to regard herself otherwise than as a conqueror, free to dictate and exact what she considers rightful fruits of her victory. The only alternative, then, is for China formally to part with her own territorial and administrative integrity. This, needless to say, no Chinese government will do of its own accord

—still less a professedly revolutionary government. But what is denied by free will may always be obtained through duress. And it is to be feared that the same regime which accepted the Tangku agreement under a stress of circumstances may yield to a new stress and commit itself to a more mischievous arrangement. Just how great the mischief may be is clear from Japan's new policies in regard to the following issues:

Japan's New Policies

(1) Manchuria and Jehol:—The Japanese have all along pursued the policy of goading China into recognition of the puppet state "Manchukuo." That trend has at no time been more accentuated than at present. And the truce was designed to serve as the goad. Ever since its conclusion the high dignitaries of Nanking have fed their false hope with the assumption that an armistice having been signed which virtually precludes any possibility of China regaining the lost provinces by military force, Tokyo might be satisfied with a "leave-well-alone" policy in relation to the bogus state. Count Uchida might be of this mind, and was kicked out by the Army for this negative stand he might have taken —i.e., for his inability to find a way out of the deadlocked situation. But it is unlikely that Mr. Hirota who is more subservient to the Army will not coerce China in every way possible to sign away her Northeastern provinces. While he is driving the Soviets to exasperation over the C.E.R., he will hold up the cup of recognition to any Chinese diplomat who would broach with him the solution of the present impasse. Those thinking that Japan should be placated will do well to decide beforehand whether they can go as far as accepting the profferred cup.

(2) The League's Technical Co-operation with, and American Loan to, China:—In this Mr. Hirota is not expected to depart from the obstructionist tactics of Count Uchida, except that he may be more aggressive in its prosecution. The positive nature of his policy foreshadows the demand not only of the exclusion of Geneva's influence from China, but of the invitation of Japanese interests to participate in China's reconstruction program and a subsequent Japanese monopoly of the Chinese market. It is no accident, therefore, that great significance has been attached to the present visit of Dr. Sugimura to China. Nor is this all. Japan has cast an anxious eye on the disposition of the American cotton and wheat loan. It seems that she will not rest satisfied with a mere assurance that no attempt will be made to turn its proceeds to any anti-Japanese purpose. She may yet ask some benefit or special favor for her industry from a loan against which she has raised so loud protests.

(3) The Regulation of General Relations between the Two Countries:—The boycott is to stop. In fact it has virtually come to an end, so far as North and Central China is concerned. But this may still fall short of Hirota's ambition which is a more effective control of China's foreign relations. To cite an instance, he has no scruple in interpreting the Tangku Armistice to be something worse than a Versailles Treaty to China. For otherwise we are at a loss to understand why bandit suppression—an exercise of the sovereign right—in Chinese, though demilitarized, territory and Dr. Wellington Koo's declaratory speech at Geneva should be charged with having contravened the letter or the spirit of that document.

This brief charting of the seas of any prospective Sino-Japanese negotiations is sufficient to reveal the risks to which the ship of our foreign policy would be subjected should it venture into them. The pilots of the nation will certainly do well to heed the warning that once out on the boundless main they have to take whatever consequences may ensue.

Peiping, Oct. 13, 1933.

Dr. Inazo Nitobe Dies in Canada

Dr. Inazo Nitobe, Japanese Chief Delegate to the fifth biennial conference of the Institute of Pacific Relations, died at Victoria, Canada, Oct. 16 at the age of 71, as the result of an abcess on the diaphragm. He was a graduate of John Hopkins University. Graduating from the University, he studied agriculture and economy for five years at the Universities of Bonn, Halle and Berlin. On his return to Japan, he held professorships in various universities until he was nominated a Member of House of Peers in 1926. Dr. Nitobe was Under-Secretary to the League of Nations Secretariat. He wrote a number of books, among which "Bushido" is the best known outside of Japan.

"The Seaboard Route to the North"

Travel on The

Peping-Liaoning Line

Starting at Peping, the ex-capital of China, called the most interesting city in Asia, with its intricate systems of walls, its Imperial palaces and its beautiful temples and tombs the Peping-Liaoning Line goes down to Tientsin, the great port of Chihli, and from there swings in a wide circle on its pathway to the north. From Lanchow to Chinchow the railway follows the line of the Gulf of Chihli, passing through Shanhaikwan, where the Great Wall ends at the sea, and thence on to Mukden, the ancestral home of the Manchus, a city which vies with Peping in its splendor of palaces and temples and ancient shrines.

Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Chosen (Korean) and Imperial Japanese Government Railways. At Peiping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

On the Eve of Chiang Kai-shek's Drive

(From the Review's Correspondent at Hankow)

THE Reds are on a rampage in northeastern Szechuan province, and heading southward, with more than ten counties already in their possession.

If anyone for a moment believed the gigantic preparations made by the various government troops in their purported drive against the Red in the Central China area would scare them into meek submission, he has another guess coming. The Reds are not in a mood to sing their Swan-song yet, and as long as success attends their efforts in Szechuan, Hupeh, or Kiangsi, they merrily carry on.

Within the last week in Szechuan the Reds greeted the new Chief Bandit Suppression Commissioner of Szechuan, General Liu Hsiang, by capturing several hsien cities along the lower reaches of the Yangtze tributaries Kia Ling and Ku Rivers. Although reports are somewhat conflicting, it seems quite certain that Paoning, Nanpuhsien, Pengan, and Shunking on the Kia Ling River have been taken by the Red hordes, and Chuhsien on the Ku River, thereby threatening Kuanganchow and Tahsien, which have also been reported on the verge of being captured. The missionaries in these cities have had forewarning and evacuated before the advent of the Reds. Chuhsien lies only 70 miles north of Chungking of the Yangtze and about the same distance west of Wanhsien also on the Yangtze, and only 30 miles north of Kuanganchow, the military headquarters of General Yang Sen, once the virtual ruler of a large section of Szechuan province. What steps he and the other generals commanding the government troops in the great western province will take to cope with the unprecedented threat of the Reds in their part of China remains to be seen. Surely their sense of self-preservation ought soon to rise above petty internal jealousies to protect life and limb against the onslaughts of the enemy of law and order.

Reds Defiant and Unconquered in Szechuen

Immediately after his inauguration on October 4th by Nanking's delegate Hupeh Pacification Commissioner General Ho Cheng-chun, the Chief Bandit Commissioner of Szechuan, General Liu Hsiang issued an order to all of his men to start an encircling strategy, with the intention of annihilating the Red leaders and absorbing the remnant. There is one problem that continues to puzzle General Liu Hsiang, and that is the allegiance of the disaffected troops of his defeated and disgruntled uncle and enemy, General Liu Wen-hui, who has temporarily retired to Sikong. There may also be some question as to the loyalty of General Yang Sen, who has cast longing eyes on Wanhsien, a city of no mean revenue. If General Liu Hsiang is capable of cementing the forces nominally under his command into one fighting unit, he would be sitting pretty, and the Communists would have no chance whatever of escape. Divide et impera, Machiavellian political principle though it be, seems to be employed by the Reds in their struggle with the Nanking regime. There are six Route Armies under General Liu Hsiang, with the following generals in command: Yang Sen, Liu Chun-ho, Teng Hsi-ho, Tien Sung-yao, Wang Ling-chi, and Chi Chia-yu, all of whom, with the exception of the second and last were present at the reception for General Ho Cheng-chun, and promised to be loyal to the Central government during the forthcoming united drive on the Reds.

Foreigners who left Chungking on the 13th of Oct. report that the Red threat has not affected the well-fortified and properly defended cities along the Yangtze. The river is peaceful and no firing on ships has been reported for some time.

New Communist Threat in Honan

In southwestern Hupeh General Hsu Yuan-chuan, who was last reported at Shih-nan, seems intent on preventing Red Chief Ho Lung from crossing over into Szechuan to join forces with his fellow-communists, who are southward bound. Apart from the area south and southwets of the Yangtze river, Hupeh province is rather more peaceful than for years. In the northeastern section north of Macheng and Huangan, General Liu Chen-hua, Honan-Hupeh-Anhui, Border Bandit Suppression Commissioner reports that his men have recently captured from the Reds in that area one airplane, 3,800 rifles, 17 machine-guns, 35 revolvers, 11 trench mortars, 2,000 hand grenades, and 10,000 cartridges. It is a mystery how the Reds in these mountain regions could have such modern improved equipment as this, even airplanes.

A new threat is developing in the area southeast of Wuchang in Hupeh province. With the huge drive planned by General Chiang Kai-shek in Kiangsi, the Reds in the western part of the province are evidently pushing northward. General Chang Chun, chairman of Hupeh provincial government, is returning on the 17th of Oct. from Kuling, where he has been in conference with Mr. Wang Ching-wei and General Chiang Kai-shek, and others, laying extensive plans to meet any eventuality. It is reliably reported that a band of Reds attacked Juichang, 90 li directly west of Kiukiang, but were immediately repulsed by government troops. The whole line from here southwest to Wuning and Siushui in Kiangsi and Pingkiang in Hunan bears watching.

No wonder General Ho Chien has postponed his contemplated trip to Kiangsi to confer with General Chiang Kai-shek content to send two of his trusted lieutenants in his stead, himself remaining at Yochow, strategic northeastern Hunan city, on the Changsha-Hankow Railway, where he is inspecting his forces. Earlier in the month he visited his troops along the Changsha-Pingsiang Railway, strengthening his lines in the event of a Red "push" following the impact of the Nanchang drive.

So far the big drive has not materialized. Hospital accommodations for 10,000 wounded have been provided in hospitals and rented or commandered buildings in Nanchang, Nanfang, Ihwang, Yangfeng, and Kian. Nanchang itself can take care of 3000 wounded, the Fifth Military Hospital alone having a capacity of 1,500 and a staff of 18 doctors. Already some wounded have been received, their number is increasing daily, as the clashes of government troops with Reds increase. *Reuters* reports that 15,000 troops fully armed marched south from Nanchang on the 11th of October. Meanwhile we are watchfully waiting for the big drive to come off. The Reds, too, are watching. Much hangs in the balance. If General Chiang Kai-shek crushes the power of the Reds in Central China he will have enhanced the prestige of China in the eyes of all the world.

Hankow, Oct. 16, 1933.

Opportunities for Trade Connections with Firms in America

The following inquiries from manufacturers and commercial firms in the United States desiring connections in China have been received at the American Consulate-General in Shanghai. Persons interested in corresponding with these firms should write to the American Consulate-General, Shanghai, giving the number of the specific item.

163—A New York firm desires to market "popsickle" confections.
164—A Cincinnati firm desires to market stationers products.
165—A Brooklyn New York firm desires a distributor for rubber heels and rubber novelties.
166—A Los Angeles firm desires to market hair removers.
167—A St. Charles, Illinois, firm desires to market thermionic devices.
168—A New York firm desires to market motor driven tools.
169—A Massachusetts firm wishes to market tools.
170—A New York firm desires to market oil burners and heaters.
171—A Hollywood firm desires to market cosmetics.
172—A Pasadena firm desires to market cosmetics.
173—A Chicago firm desires to market cosmetics.
174—A New York firm desires to act as purchasing agent for foreign firms.
175—A New York firm desires to market lawn and other seeds.
176—An Ohio firm desires to market bath room cabinets.
177—A New York firm desires to market used cotton flour bags.
178—A New York firm desires to market window shade fabrics and rollers.
179—A San Francisco firm desires to act as agent for firms in China.
180—An Indiana firm wishes to market power and hand lawn mowers.
181—A Chicago firm wishes to market its home lighting plants.
182—A Los Angeles firm desires to market its home light plants.
183—A New York firm wishes to market fastening devices.
184—A New York firm wishes to market building supplies.
185—An Illinois firm wishes to sell small ice cream plants.
186—An Illinois firm wishes to sell hard rubber battery containers.
187—A New York firm desires to market ice cream materials.
188—A firm in the Philippine Islands desires to sell hosiery and fine cotton piece goods.
189—A New York firm desires to act as purchasing agent for school and office supplies.
190—An individual in Pennsylvania wishes position as anesthetist.
191—A Boston, Massachusetts, firm desires to purchase horse hair.
192—A Hollywood firm desires to purchase sun helmets.
193—An Indiana firm desires to sell rubber roller grinding lathes.
194—A San Francisco firm desires to purchase linen embroideries.
195—A Los Angeles firm desires to sell petroleum and distillates.
196—A Seattle firm desires names of attorneys handling collection accounts.
197—A San Francisco physician desires position.
198—An Illinois Company desires to market radio receiving sets.
199—A Chicago firm offers broken glass in large quantities.
200—A qualified electrical engineer, residing in the United States, desires employment.
201—A Seattle firm wishes to market radio receiving sets.
202—A New York firm of fur brokers desires Shanghai connections.
203—A New York firm offers visible filler fountain pens.
204—A Massachusetts manufacturer desires to market shoe cleaner.
205—A Chicago firm wishes a representative for a chocolate milk drink.
206—A Rochester, New York, firm wishes to market typewriter ribbon and carbon paper.
207—A San Francisco firm offers canned goods.
208—A Chicago firm desires to market household electrical appliances.
209—An Illinois firm offers moderately priced theatre sound equipment.
210—A Longview, Washington, firm offers novelty wooden token money.
211—A Foochow firm desires agency for American fire and marine insurance.

Who's Who in China

Liu Hsing-chi, Government official; born at Hankow, Hupeh, Sept. 27, 1902; attended Boone Preparatory School, 1911; graduate of Tsing Hua College, 1922; sent to the United States on the returned American Boxer-Indemity Funds; attended Iowa State College of Agriculture, 1922-23; graduated from the University of Wisconsin in 1924 with the degree of Bachelor of Agriculture; and Master of Science at Cornell University, 1926; returned to China in 1926; served as secretary to the Political Bureau of the National Government; secretary, Central Department of Labor, 1926-27; member of the Commission of Technical Experts to the Provincial Government of Hupeh, 1927-28; Director of the Hupeh Provincial Agricultural and Forestry Experiment Station, 1928-29; Technical Expert of the Department of Reconstruction of the Provincial Government of Anhui; concurrectly Director of the Provincial Agricultural Experiment Station, 1929-30; Chief of the Department of Agriculture of the Provincial Government of Chekiang, 1930-31; Senior Technical Fxpert to the Ministry of Industry, 1931-32; Director of the Department of Fishery and Animal Industry of the Ministry of Industry and concurrently, Director of the National Animal Husbandry Experiment Station 1932; author of "The Practices of Animal Husbandry and "The Administration of Animal Industry" (both in Chinese); address: Department of Fishery and Animal Industry, Ministry of Industry, Nanking.

Liu Hsing-Chi
劉行驥

劉行驥，湖北黃陂人，生於一九〇二年九月廿七日，（即壬寅年八月廿六日），一九一一年肄業於武昌文華中學，一九二二年畢業於北平清華大學，遣派赴美留學入愛阿華州立農科大學習畜牧，一九二四年畢業業於威斯康新大學得農學士位，一九二六年畢業於康乃爾大學，得碩士位，著有畜牧全書及牧政綱要二書，曾任國民政府政治部祕書，中央工人部祕書，湖北省政府建設技術委員會委員，湖北全省農林試驗總場場長，安徽省政府建設廳技正，豫省立農業試驗場場長，豫全省農業推廣處主任，浙江省政府農鑛處農業科科長，現任實業部簡任技正，漁牧司司長，中央畜牧場場長。

Motor Road Being Built Between Shanghai and Wusih

A motor road is shortly to be constructed between Shanghai and Wusih and a long distance motor-car service is to be inaugurated on the new highway, it is learned from a reliable source. The road will start from Wusih Railway Station and end at Paoshan road in Shanghai, via Changshu, Taichang, Kating and Paoshan, a distance of 140 miles. The capital for the new enterprise is temporarily fixed at $2,000,000. The whole work is expected to be completed before next May.

In the United States Court for China

In re. Estate of MIGUEL MORALES, ALIAS M. M. TORRECILLAS, Deceased

Cause No. 3565

Special Proceedings No. 924

NOTICE—AMENDED

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of MIGUEL MORALES, ALIAS M. M. TORRECILLAS, deceased, present the same with vouchers to the undersigned on or before November 4, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.

October 9, 1933.

Chauncey P. Holcomb,
Administrator,
12 Kiukiang Road,
Shanghai, China.

In the United States Court for China

In re. the matter of the Estate of ANNA SYKES Deceased

Cause No. 3576

Special Proceedings No. 925

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ANNA SYKES, deceased, to present the same with vouchers to the undersigned on or before March 30th, 1934, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China, September 20th, 1933.

JAMES Y. McGINNIS,
Administrator, care of
James B. Davis, Schull,
Davies & N. E. Lurton,
74 Szechuen Road, Shanghai, China.

Men and Events

The Chinese Geological Society will hold its annual meeting in Peiping from November 11 to 13.

Mayor Wu Teh-chen proceeded to Nanking over the week-end on official business.

The death occurred at the age of 62 in Honolulu Oct. 6 of Wallace R. Farrington, publisher of the Honolulu *Star-Bulletin* and former Governor of the Territory of Hawaii.

R. M. Vanderburgh and wife recently returned from a holiday trip through Korea and Japan. Mr. Vanderburgh is president of Realty Investment Company.

The second annual dinner of the men of Community Church, Shanghai, took place Thursday, Oct. 12, at the American Club.

More than 500 municipal primary and middle school teachers declared a go-slow strike in Peiping Oct. 11 as a protest against the nonpayment of salaries. Over 20,000 schoolboys are affected.

The marriage took place in Shanghai, Oct. 11 of Lieut. E. P. Holmes of the U.S.S. *Perry* and Miss Nancy Jane Setlers. The couple are spending their honeymoon in Manila.

Major General Umezu, former chief of the general affairs section of the Japanese Army General Staff, arrived in Hankow by an airplane and came down to Shanghai by steamer October 13.

The Legislative Yuan Oct. 13 approved regulations placing the government mint at Shanghai under the direct control of the Ministry of Finance, with five departments, namely, accounting, auditing, assaying, melting and coining.

Lo Lung-chi, a staff-member of the *Yi Shih Pao*, and a professor of the Nankai University at Tientsin, was attacked by four men Oct. 12 in the Japanese Concession while on his way to the University by motor car. The assailants fired a volley of shots at him, but none of them struck.

Frank Dollar, 26-year-old unemployed and unrecognized American, was brought up in the First Special District Court last week charged with being in possession of seven traveller's cheques, allegedly stolen from H. P. Horton.

The Central Observatory at Nanking has requested the Shantung Provincial Government to erect an observatory at Jih Kuan peak on Taishan in central Shantung, in order to co-operate in the metereological work of the Central Observatory.

The Admiralty issued a statement in London, Oct. 11 to the effort that rumors of unrest in *H.M.S. Hood*, given prominence in a certain newspaper, are an entire fabrication. *H. M. S. Hood*, completed in 1920, is Britain's largest battle cruiser, having a tonnage of 41,000.

The Laymen's Committee on Foreign Mission in New York has recommended cessation of work in Japan by American missionaries, stating that it is convinced that the Japanese should have an independent church and develop under their own leadership their own form of Christianity.

The two new Chinese gunboats, *Wei Ning* and *Sho Ning*, recently built by the Naval Ministry, were commissioned for service Oct. 11. With four other gunboats, *Kiang Ning*, *Hai Ning*, *Fu Ning* and *Sui Ning*, the new gunboats will be formally organized into the River Defense Fleet.

The Hopei Provincial Research Institute for District (Hsien) Administration and Reconstruction, which was tentatively established at Tinghsien last March, was formally inaugurated Oct. 10. An Educational Exhibition was also opened at Tinghsien under the auspices of the Society for the Promotion of Mass Education.

A memorial service was held at Central Party Headquarters at Nanking, Oct. 11 in commemoration of the 37th anniversary of the kidnapping and confinement of the late Party Leader, Dr. Sun Yat-sen, by the Imperial Chinese Legation at London in 1896. The meeting was presided over by Yeh Chu-tsang, and attended by over 700 Party and Government officials as well as representatives of the various public organizations.

B. B. Butterfield, 26-years old, manager of *Reuters* commercial service in New York City, committed suicide by shooting himself in the head with a shotgun, on Sept. 14. Butterfield telephoned an associate in the agency and said, "Wait a minute, hang on," then followed the report of the gun. Butterfield was found dead sitting upright in his chair. He had remarked recently that he had been "feeling moody." Members of the agency said that Butterfield's home was in London and had been in New York for four years.

Liu Chung-chieh, Chinese Minister to Germany, will leave for Berlin November 14 on board the Italian liner *Conte Rosso*.

Since America's decision to subsidize the exports of wheat and flour to China and Japan, Australia's Far Eastern trade in these things has practically ceased.

The Japanese consulate at Kalgan has been reopened. The consulate was closed and the staff withdrawn shortly after the outbreak of hostilities in Jehol last February.

Dr. H. Chatley was scheduled to deliver an address on The Cycles of Cathay" before the Royal Asiatic Society, Shanghai, Oct, 19.

Dr. David Z. T. Yui, general secretary of the National Committee of the Y. M. C. A., of China, who had been sick in the United States for several months, returned to Shanghai last week.

An audit of the accounts of the and Bank of China Ltd., made last week shows the total amount of notes in circulation to be $4 817,000, against which there is a cash reserve of $3,703,300 and a securities reserve of $1,113,700

Mr. and Mrs. W. S. Leonard have returnd to Shanghai after several months' absence in the United States and are temporarily living at the Clements Apartments on Rue Lafayette.

Marchese Guglielmo Marconi, known as the father of radio communication, obtained visas in New York, Oct. 12 for a tour of the Orient. He is expected to visit Japan, China and the Philippines.

Mrs. Donald Roberts gave a lecture on "Organised Communism" before the Shanghai American Women's Club, Oct. 19, On Oct. 26, she will give another lecture on "The Five Year Plan."

A public meeting of welcome to the members of the new Kiangsu Provincial Government Committee was held at Chinkiang Oct. 14 under the auspices of the various civic bodies of the Provincial Capital.

Feet-binding has recently revived in Shansi province. According to estimates made by the provincial authorities there are 948,000 women in the province who have bound feet.

Margaret Chang, eldest daughter of T. Y. Chang, chief of the intelligence department of the Greater Shanghai Municipality, was married in Shanghai Oct. 19 to S. B. Tan, prominent lawyer in Singapore. Dean Trivett officiated.

Lee Chu-feng, alias Lee Cheng-chu, a Korean, was arrested in the French Concession last week and handed over to the Japanese consular authorities, who allege that he is one of the principal leaders of the Korean terrorist band in Shanghai,

The Ministry of Communications Oct. 17 confirmed that the China Merchants Steamship Company had been authorised to negotiate a loan from Chinese banks in Shanghai, using as security part of the company's assets which had previously been mortgaged.

Chen Kung-po, Minister of Industry, came to Shanghai during the week to confer with local industrial leaders concerning the convocation of the National Production Conference for the purpose of regulating production in China.

A telegram has been received in Peiping from Marshal Chang Hsueh-liang, who is now in Europe, stating he will soon proceed to Soviet Russia from Denmark. He says he will spend some time in Soviet Russia inspecting conditions in that country.

The workers and engineers of Soviet plant No 39, where the gondola of the stratostate "USSR" was built, have reached a decision to start the construction of a new and much more powerful stratospheric balloon to be named "Stalin."

Dr. Roy Chapman Andrews, leader of many expeditions into Mongolia for the Americen Museum of Natural History, announced in New York Oct. 12 that he will take out another expedition next year, not into Mongolia, but into Siberia.

Dr. Walter Williams, president of the University of Missouri and formerly dean of the Missouri School of Journalism, accompanied by Mrs. Williams, sailed from New York on Sept. 26 on an extensive trip which will include Europe, Australia and New Zealand, with a possibility they may return by way of the Far East. Dr. and Mrs. Williams have frequently traveled in the Far East and recently Dr. Williams was mentioned as a possible appointee as American Minister to China.

Georges Padoux, minister plenipotentiary and legal advisor to the Chinese Government, residing at Shanghai, has been appointed correspondent of the Office of Foreign Legislation and Law of Nations.

Howard G. Harker, formerly of Kobe, Japan, and Miss Lillis Mary Taylor, daughter of Mr. and Mrs. Fred Taylor, of the U.S. Department of Agriculture, were married in Shanghai Oct. 13.

A general inspection of Chinese warships is shortly to be held. Admiral Chen Chi-liang, Commander-in-Chief of the First Squadron, has been appointed Commandant of the naval review. He proceeded from Shanghai to Foochow Oct. 11 on board the cruiser *Yin Jui*.

An order forbidding subordinate officials throughout the country to give interviews or pass comments on political affairs has been issued by the National Government. The Executive Yuan has been instructed to transmit the order to the various Provincial and Municipal Governments for execution.

A long article in the *North China Daily News* Oct. 14 stressed the plight of Shanghai's large number of foreign unemployed, especially British subjects. Many are sleeping on park benches. The case is cited of five Britons who collectively rented a room in a Chinese house for eighty cents in which to pass the night.

Death sentences were passed in the Second Special District Court in Shanghai last week upon three members of a kidnapping gang arrested in Tientsin and handed over to the French Police of Shanghai recently. Two other prisoners were sentenced to 15 years' imprisonment each; one received a life sentence.

Masked burglars who broke into the home of a Japanese at Kailua, Oahu Island, Hawaii on the night of Sept. 30 were later identified as soldiers in service at Fort de Russy. The solders have been arrested charged with committing burglary after leaving their barracks after dark.

The Chinese Insurance Association, as a result of the agitation against it by of the Chapei Fire Insuranec Claimants' Association in its renewed drive for compensation for their properties lost during the Sino-Japanese conflicts last year, closed its doors for several days during the week.

Dean Shailer Mathews of Chicago University Divinity School, who is now in Shanghai, is scheduled to lecture on Friday evening, Oct. 20 at 7 o'clock, at the Chinese Y. M. C. A. in the French Concession. Dr. Mathews is on his way to India where he will deliver a series of lectures. The subject of the lecture Friday evening will be "Religion and Nationalism."

An *Associated Press* dispatch from Vancouver, B.C. Sept. 16 noted the fact that Ah Look, who went into Northern British Columbia 53 years ago in a gold rush and stayed there ever since, had boarded a ship to return to China. He had never learned English and had forgotten most of his native tongue, but he could talk five Indian dialects.

Lieut. and Mrs. James M. McHugh of the U.S. Marine Corps were hosts at a cocktail party and reception on Sunday afternoon, Oct. 15 in honor of Mrs. McHugh's father, Dr. Jacob Gould Schurman, former American Minister in China who is now visiting here. Lieut. McHugh and Dr. Schurman went to Nanking this week for a visit with Willys R. Peck, Consul-General and Counsellor of the U. S. Legation.

Sir George Burton Hunter, a well known figure in the British shipping and engineering world, in a letter to the *Times* stresses the disastrous results, economically and politically, due to China's inability to absorb a share of the world's products owing to the lowness of silver. "Nanking is financially paralysed unless supported. Brigandage and communism will increase until Japan, posing as protector of the Yellow race, becomes a dominant power in China and excludes Westerners from political influence and trade," he said.

That Albert Wiggin, chairman of the Chase National Bank, had received bonuses exceeding $100,000 a year, besides a salary of $200,000 and a pension of $100,000 after his retirement, despite the severe losses suffered by the Bank in recent year, was one of the facts disclosed at the Senate banking inquiry in Washington. Mr. Wiggin revealed that the German debt to all American banks in 1933 totalled between four hundred and five hundred million dollars. The share of the Chase Bank in this sum was originally $100,000,000, but he said he got the amount down to below $40,000,000.

EAT AT

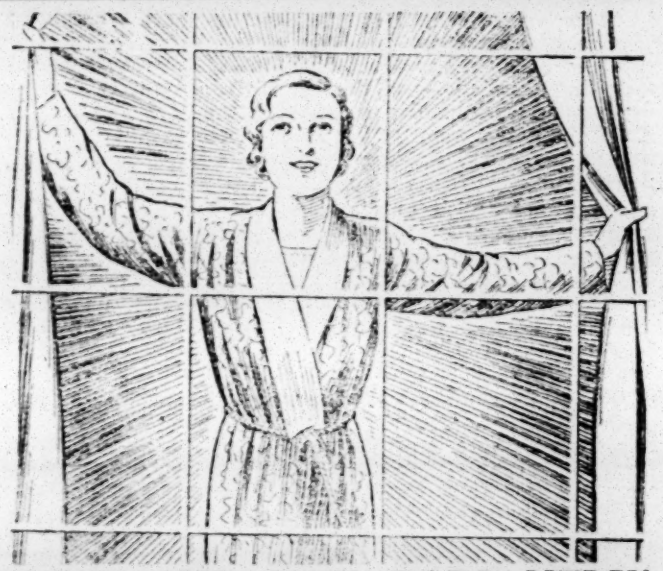
Jimmy's

212 Szechuen Road

The only American Restaurant in Shanghai

TRY JIMMY'S SPECIAL

Branch at 105 Broadway
Open all Night



BEGIN THE DAY RADIANTLY!

You Will, If You take Sufficient Care of Your Blood and Nerves.

How much do so many people miss at this time of the year because, instead of rising vigorous and eager to enjoy the glorious early morning hours, they lie overlate, too languid and spiritless to leave their bed!

If this is your case, what is its reason? The answer almost surely is, the unsatisfactory condition of your blood. The prolonged spell of summer heat through which you have lately passed has impoverished your blood stream, thus reducing your digestive powers, debilitating your nerves and causing enfeeblement of your whole system.

To remedy matters, there is only one way....by replacing in your blood that which it has lost, restoring to it richness and strength, so that it in turn may revitalize enfeebled organs, rebuild debilitated nerves, revive lost appetite and spirits.

This can only be done by means of a reliable blood and nerve tonic, of which there is none surpassing Dr. Williams' Pink Pills.

For over half-a-century Dr. Williams' Pink Pills have been renowned throughout the world for their remarkable restorative powers. By rapidly revitalizing the blood, and creating new, rich, red blood at every dose, these Pills build up the nerves, restore appetite, invigorate the whole system. They are equally good for men as well as women.

Start taking Dr. Williams' Pink Pills now and see how soon they will give you fresh energy, cheerfulness, joy in the mere fact of living.

Of Chemists Everywhere

DR. WILLIAMS' PINK PILLS FOR PALE PEOPLE

For Radiant Health

New Books of Interest in the Far East

British Intrigue in Russia

Memoirs of a British Agent: Being an Account of the Author's Early Life in Many Lands and of His Official Mission to Moscow in 1918, by R. H. Bruce Lockhart; published by Putnam, London and New York.

Added to the "inside" revelations of the Russian revolution by General Graves and Trotsky is this brilliant and profound volume by R. H. Bruce Lockhart,—who is not to be confused with a certain Shanghai resident of partly similar name. For the Bruce Lockhart under review is a man of extraordinary intelligence, and one of that rarest kind of *homo sapiens*,—a genuine realist. Therefore, it is needless to add that he is now out of British service.

Mr. Lockhart offers so much in the 348 pages of his autobiography that it is exceedingly difficult to select sections for review. What he describes as his "Malayan Novitiate" cannot be touched; suffice it to say that he obtained an excellent education, especially in languages—including Russian,—and that in 1912 he went to Moscow in the British consular service. Born in 1887, he was, it will be noted, very young at the time of his participation in the world shaking events that he so intriguingly describes.

One note with application to Shanghai is his account of how the Czarist police deliberately broadcast the misinformation that the British had taken Dardanelles in 1915 "in order to let the public work off steam" and thus forget about disasters on the Russian front. One can but wonder whether the "victory" celebration in Shanghai after the rout of the 19th Route Army in March last year was similarly institgated!

It is, of course, with the revolutionary period that most of Mr. Lockhart's book deals, and what he has to contribute here is of the utmost importance to history. First as British Consul-General in Moscow, he witnessed the revolution that overthrew the Czar, and, unlike most other foreigners within and without Russia, he really knew what was happening. But an affair with a Jewish girl resulted in his recall to England. A short time later, however, he was sent to Petrograd, and later to Moscow, as head of a special British mission which had as its chief purpose the crushing of the Bolsheviks. Mr. Lockhart fully realized that not only had the Czarist regime spent itself, but that no government could maintain itself in Russia which did not make peace. But he faced a foreign office at home that insisted on attempting to keep Russia in the war and apparently believed its own propaganda that the Bolsheviks were German agents.

The efforts to bolster up the Kerensky regime were, in some respects, amusing. For example, the soviets were adopting resolutions demanding "peace without annexations and contributions,"—"a formula which caused considerable annoyance and even anxiety to the English and French governments, which had already divided up the spoils of a victory not yet won, in the form of both annexations and contributions." So M. Albert Thomas, the great French Socialist then in Russia, was called upon for advice. "I know my Socialists," Mr. Lockhart quotes Thomas as saying. "They will shed their blood for a formula. You must accept it and alter its interpretation." In consequence, Mr. Lockhart adds, "annexations became restitution and contributions reparations." Thus is history made!

Throughout his book, Mr. Lockhart gives exceedingly penetrating summaries of the situation that show a grasp of social forces almost incredible in a British government official. "The one aim of every Russian bourgeois (and 99% of the so-called 'loyal'—pro-war—Russians were bourgeois) was to secure the intervention of British troops (and, failing British, German troops) to re-establish order in Russia, suppress Bolshevism and restore to the bourgeois his property." And, also says Mr. Lockhart, "an Englishman or a German, situated in similar circumstances, would....have had the same mental reactions."

Most of Mr. Lockhart's commentaries on various Bolshevik leaders are equally penetrating. Trotsky was a man "who would willingly die fighting for Russia provided there was a big enough audience to see him do it.... He was what Lenin called a Trotskist—that is to say, an individualist and opportunist....(Lenin) furnished a complete antithesis to Trotsky, who....was all temperament—an individualist and an artist, on whose vanity even I could play with some success. Lenin was impersonal and almost inhuman. His vanity was proof against all flattery. The only appeal one could make to him was to his sense of humor, which, if sardonic, was highly developed."

In discussing the muchly publicized Red Terror, Mr. Lockhart comments that in the early days of the Red Revolution, the Bolsheviks were quite tolerant. "The cruelties which followed," he says, "were the result of the intensification of the civil war. For the intensification of that bloody struggle Allied intervention, with the false hopes it raised, was largely responsible. I do not say that a policy of abstention from interference in the internal affairs of Russia would have altered the course of the Bolshevik revolution. I do suggest that our intervention intensified the terror and increased the bloodshed."

But although he opposed intervention, and urged instead a realistic deal with the Bolsheviks on common ground—the communists then regarding German militarism as a greater enemy than British-American-French capitalism.—Mr. Lockhart finally followed the policy London had decided upon and furnished money and other assistance to Russian counter-revolutionary groups. He does deny, however, the Bolshevik charge that he had anything to do with an attempt to assassinate Lenin. He does admit the lack of "moral courage" to have refused to obey London's orders and "take a stand which would have exposed me to the odium of the vast majority of my countryman." For then, it must be remembered, every true blue Englishman regarded the Bolsheviks as agents of the Kaiser!

Eventually, Mr. Lockhart was arrested and held in prison for a month by the Bolsheviks during which time he says they urged him to join their side. That is wholly understandable, for they—or at least the dominant group among them—were realists, and Mr. Lockhart was a realist. And realists comprise a class above all other classes even though they are divided by economic differences. Realists may be sentimentalists, but they fear and despise romanticists. They would rather deal with other realists even though they may be enemies. And there can be no doubt that the Bolsheviks did not dislike Mr. Lockhart even though he did not join them.

He makes it quite clear that his sympathy was with them even though he himself "could never be a Bolshevik." He was, as he quotes one of his Russian sweethearts as describing him, "a little clever, but not clever enough; a little strong, but not strong enough; a little weak, but not weak enough."

Thus, in the inexorable manner of a Greek drama, Mr. Lockhart played a role of which he is now assuredly ashamed in one of the greatest events of history,—but in consequence he has produced a masterpiece of historical autobiography.

W. B.

Shanghai, October 14, 1933.

A Positive Economic Creed

Foundations for the World's New Age of Plenty. By Fred Henderson. Published by Victor Gollancz, Ltd. London, 1933. 104 pp. Price 3/6 net.

To the person capable of divesting their minds, for a time, of the meanings given to economic and financial expressions in most of the current jargon, and coming down to the fundamentals of economic reality, Henderson's short book will be of much interest. Bernard Shaw wrote to the author about it that "it not only goes to the root of the matter, but it is readable: and you know how rare the combination of analytic power with the gift of setting the analysis to a bearable verbal tune is." The author's conception of capital, it should be added, is the same as Shaw's.

Henderson's basic insistence is that for clarity of thought, "we must begin all economic discussion by anchoring our minds to the fact that the only economic reality is the delivery of actual goods and services for the satisfaction of human needs; and that nothing—nothing whatever—enters, or can enter, into this economic reality but human activity dealing with the natural resources of the world in the continuous effort to make that delivery and keep it going." Does this mean that "capital advances," money, "credit," etc., have no real existence?

Not exactly. It simply means that they have meaning only as related to the basic reality (even in the current jargon, capital has significance only as "advancing" goods and services), and have essentially to do with accountancy. "And since our whole finance and monetary procedure *is* a paper transaction—a procedure of accountancy measurements in respect of real things and real activities—the error of mistaking figures for things, of assuming the mere reckoning, which may be a false reckoning, to be the basic reality, is one we may very easily fall into unless we guard our minds against it by rigorously checking the accountancy against the real things—of taking it for granted that when the reckoning and the natural facts do not correspond, the only course open to us is to destroy the goods, or to cease producing and consuming them, in order to make our way of living agree with the reckoning—is the characteristic error into which most finance discussion, and all money-centric finance discussion falls."

Henderson's book, following an introductory section, goes on to a diagnosis of monetary procedure in its relation to our general economy, based as this is upon the private ownership of the means of production. In forty-two succinct, coherent, and carefully reasoned paragraphs which may be taken as the articles of a positive economic creed, the author deals with the economic reality, the procedure in production, the corresponding procedure in finance, the market procedure, the real power, and distribution by exchange. It is highly concentrated, but clear and readable.

The latter half of the book consists of "certain amplifications," abandoning the "credenda" form and pointing out how, on the basis set forth by the writer, money, currency, and credit function. The field covered is indicated by the sub-headings: The Core of the Matter; The Source of Power; the Real Distibrutive Center; Currency and Credit Schemes; the Douglas Scheme; and Why the Collapse has come About. The discussion of the Douglas Scheme is interesting. The author is in full agreement with the Social Dividend idea, but points out that this implies a Social Estate, and remarks that the notion "that the production side of such a social change can be ignored by the community and left to the old property methods, with the whole bottom of their purpose in production, that of creating property rights over the output, knocked out of them" is "surely one of the queerest things in current economic speculation."

In conclusion, the author points out the basic cause of the present economic collapse, due to the replacement of human labor by the harnessing of natural forces and power production, held in private hands. "So far as production is concerned the problem of poverty is finally solved for mankind. But solved by a process which makes human labor less and less necessary, less and less utilizable, in relation to output—a process, therefore, which... reduces to sheer craziness the property system which gives to the mass of mankind no recognized or accredited right to live at all except by rendering the services which the property system no longer requires from them." The immediate and vital need today is "the awakening of the world to the fact that the conditons of Scarcity are past and gone:.... that what is now needed is a new social structure accommodated to the new facts."

H. H.

Japan as the "Octopus of the East"

Professor Taid O'Conroy, who formerly held a chair at the Keio University, Tokyo, in a book published in London Oct. 12 entitled, "Japan's Menace," accuses Japan of having plans for the domination over the whole of Asia. The first step towards the realisation of this plan was the creation of Manchukuo, then it will be the turn of Australia, and, finally, of Russia. Japan is branded the "octopus of the East."

"Foreign Policy Reports" Discusses Constitutional Developments in India

The Sept. 13 issue of *Foreign Policy Reports* is devoted to a discussion of Constitutional Developments in India by T. A. Bisson, who explains that under the new constitutional proposals eleven provinces of British India will become nominally autonomous units, the governments of each being administered by a Governor aided and advised—with broad qualifications—by a Council of Ministers responsible to the provincial legislature.

交通大學研究所

THE CHIAO-TUNG UNIVERSITY

RESEARCH INSTITUTE

With Branches at Tangshan and Peiping

I. Division of Industrial Research

(1) Bureau of Engineering Design
(2) Bureau of Material Testing
(3) Bureau of Machine Testing
(4) Bureau of Electrical Testing
(5) Bureau of Physical Testing
(6) Bureau of Chemical Testing

II. Division of Economic Research

(1) Bureau of Social Economy
(2) Bureau of Industrial Economy
(3) Bureau of Communications
(4) Bureau of Administration
(5) Bureau of Accounts
(6) Bureau of Statistics

All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

Save
SHIPPING TIME
to or from
United States
SUPPOSE you were building a factory and needed American machinery. Suppose your men were hired and waiting. Suppose customers were waiting for the merchandise that machinery would produce! THEN would you be pleased if that shipment of machinery were shipped "via Seattle?"
It would reach you sooner by days than by any other route, for Seattle is THE NEAREST U. S. port to the Orient.
Specify on shipping instructions "via Seattle!" Save time and money! Write Port of Seattle, Bell Street Terminal, Seattle, U. S. A., for year book picturing modern facilities of Seattle's port.
5 transcontinental railroads to and from SEATTLE
17 steamship lines to and from the ORIENT
PORT of SEATTLE

Is Your's An Office Job?

Many office workers spend such long hours at their desks that they do not take enough exercise; indeed, they often are too tired to do so, for mental fatigue induces bodily fatigue.

With insufficient exercise it is not long before constipation sets in, and unless early measures are taken to counteract the trouble illness may follow, for in the congested food tract disease germs flourish.

To the office worker and others engaged on sedentary jobs Pinkettes are invaluable; they stimulate the liver and digestive organs, thereby correcting constipation, biliousness, flatulence, headaches, dizziness, and that tired feeling. Yet they are not habit-forming. Just a couple or three at night occasionally are all you need. Pinkettes, the perfect little liver laxatives; of all chemists.

Real Estate Review of Greater Shanghai by Realty Investment Company

The Civil Centre of Greater Shanghai, namely the section bounded by Kiangwan, Yangtszepoo and the Northern District of the International Settlement, was the scene of an impressive ceremony Oct. 10 commemorating the twenty-second anniversary of the birth of Chinese Republic and the opening of the $1,000,000 new administration building for the City Government of Greater Shanghai.

Looking back on the records of past years, the peak of Chinese building has been passed this year, which has been a good one. Going from the new civic centre into the Eastern District of the Settlement, it is interesting to note two Chinese building operations of good size as well as many smaller ones.

First on Yulin Road, near Chemulpo Road, foundations are being laid for 17 Chinese hongs.

The second is much larger on Tongshan Road, near Chusan Road, with 62 Chinese Hongs and 15 Chinese shops. Plans have been submitted and accepted by the Council during the past two weeks and actual work will be started immediately.

On Route des Soeurs, just off Avenue Joffre, the Asia Realty Company are building a large new Apartment Building—modern three-room apartments. The foundations are in.

Adjoining the garden of the Country Club and in back of the Ascot Apartments on Bubbling Well Road, a large group of three storied residences will be ready for occupancy November 1933.

Two new buildings have been started this week by Realty Investment Company on Amherst Road.

At the corner of Myburgh and Avenue Road, plans have been approved for 37 Chinese Shops and 56 Chinese Hongs; also on Avenue Foch, near Seymour Roads, work will soon start on 2 foreign stores and 4 Chinese houses.

THE PAN-PACIFIC CULTURAL ASSOCIATION

Has reprinted for general distribution in pamphlet form the treatice by the late B. H. Chamberlain, Emeritus Professor of Japanese and Philology at the Imperial University of Tokyo, entitled,

"THE CREATION OF A NEW RELIGION"

The pamphlet contains in its 10 pages a complete exposition and analysis of Shintoism and Empire-worship, regarding which the world is now beginning to hear so much along with the so-called doctrines of Pan-Asianism and Asiatic Monroe Doctrine.

Price, including postage, 30-cents a copy. Orders sent to *The China Weekly Review* will be forwarded to the publishers for execution immediately.

A.B.C. PRESS, SHANGHAI
Printing
in all its Branches

Your work should bear our imprint

The National City Bank of New York, Rates of Exchange

Shanghai, Oct. 18, 1933.

Demand selling rate on America:	U.S. $100=Sh. $344.08
Demand buying rate on America:	U.S.$100=Sh. $339.70
Demand selling rate on London:	£1.0.0=Sh. $ 15.67
Demand buying rate on London:	£1.0.0=Sh. $ 15.60

Latest New York Stock Exchange Quotations

Market—Steady

Business Done 2,480,000 Shares

October 18, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Oct.. 16	Tue. Oct. 17
13¼	1⅝	—	Adams Express	7½	7⅝
132	7⅜	.60	Alaska Juneau	20	21¼
123¾	42½	6.00	Allied Chemical & Dye	132	136½
97½	29⅝	4.00	American Can	88	90½
195⅝	2	—	American & Foreign Power	8	8½
44⅞	5	—	American & Foreign Power 7% Pfd.	17	15¼
12⅞	1¼	—	American & Foreign Power Warr.	5½	5
23⅝	1¼	—	American Metal Co.	11⅜	16⅛
63½	51¼	—	American Smelting	34½	36½
137¾	69¾	9.00	American Telephone & Telegraph	116⅞	117¼
94⅜	44	5.00	American Tobacco "B"	88	89
43¼	11	1.00	American Waterworks	20½	22⅛
22⅞	3	—	Anaconda Copper	12⅜	12⅞
18⅝	4¼	—	Atlas Corporation	11⅛	11¼
151¾	28¾	2.00	Auburn Automobiles	43	41
87⅞	38¼	—	Baltimore & Ohio	22	23⅝
49¼	7¼	—	Bethlehem Steel	29¾	30⅝
43¼	19	1.60	Borden Company	22⅞	23
21⅝	38¾	—	Borg Warner	13	14¼
20⅞	7¼	—	Canadian Pacific Railway	12	12⅝
103½	16¾	—	Case, J. I.	59¼	63
47⅞	19	1.40	Chase National Bank	21¾	21¼
52¼	4⅞	2.00	Chesapeake Corp.	36	36
51⅜	5	.60	Chrysler Corp.	38⅞	41⅜
28¼	4¼	.80	Columbia Gas & Electric	19⅛	18⅝
7⅝	1⅜	—	Commonwealth & Southern	2¼	2¼
68¾	31½	3.40	Consolidated Gas of N. Y.	40⅝	41¾
19½	8⅝	—	Continental Oil	16¼	16½
90½	24¾	3.00	Corn Products	84	83½
7½	1½	—	Coty Inc.	4	4
4¾	⅞	—	Curtiss Wright Company	2⅛	2¼
18⅝	5	.75	Douglas Aircraft	12⅜	12½
85¾	22	2.00	Du Pont de Nemours	70⅝	73¾
89¾	35¼	3.00	Eastman Kodak	73	73¼
48	5	6%S	Electric Bond & Share	16⅝	17¼
16	2¾	—	Electric Power & Light	6½	6¾
18½	15	—	Fox Film	14⅞	14½
103¾	2⅞	—	General Aviation	6¼	6
80¼	8½	—	General Electric	18½	18¾
40½	19⅝	.40	General Foods	38¾	34⅞
84⅞	7⅜	1.80	General Motors	26¼	27¼
49½	6⅛	1.00	General Railway Signal	31¾	32½
27⅜	8¼	1.00	Gold Dust	18¼	18¾
47½	5½	1.20	Goodyear Tire & Rubber	30⅛	31
40	3⅝	—	International Cement	28½	30
46	10⅝	—	International Harvester	33½	34⅝
22¾	8½	.60	International Nickel	17⅝	18¼
21¾	2⅝	—	International Telephone & Telegraph	10⅝	11⅛
60⅜	10	—	Johns Manville	51½	52¾
26	4⅞	—	Kennecott	17⅜	18½
79⅝	30½	2.40	Lehman Corporating	65	65
99	8¼	*4.00	Liggett & Myers, "B"	94½	93½
37¾	8½	1.00	Loew's: Inc.	28½	29½
25¼	9	1.20	Lorillard P. Co. (Com.)	19¾	20
46¾	12	1.00	McIntyre Porcupine	87	88¼
28⅞	3½	—	Montgomery Ward	17⅝	18¾
34¼	19¾	1.00	National City Bank (bid price)	22¾	22¾
194⅞	13	—	National Distillers	89¼	96½
58½	8⅜	—	New York Central	31⅝	33½
45¼	13¾	8%S	North American Company	17¾	18⅞
96¾	12	2.00	Owens Illinois Glass	77	78
87	16⅞	2.00	Pacific Gas & Electric	20	20½
67⅛	1¼	—	Packard Motors	3½	3½
12¼	6¼	.50	Pennsylvania Railroad	25¾	27⅛
6¼	1	—	Pennroad Corporation	3¼	3
18¼	2	—	Phillips Petroleum	14	14¾
18½	2⅛	—	Radio Corporation	6⅝	7⅛
7¾	1	—	Radio-Keith Orpheum	2½	2½
54	26½	8.00	Reynolds Tobacco "B"	48⅛	49
47	9⅞	—	Sears Roebuck	35	37½
11⅝	2½	—	Shell Union	7	7⅛
15½	5½	—	Socony-Vacuum Corp	11⅛	11⅛
32¾	15¾	2.00	Southern California Edison	18⅞	19⅞
84¼	5½	—	Standard Gas & Electric	10⅜	10⅜
42⅝	19⅞	1.00	Standard Oil Co., of N. Jersey	39½	40⅞
63	54¼	—	Sterling Products	52	53½
13¾	1½	—	Studebaker	4½	4½
29¾	9¼	1.00	Texas Corporation	28⅞	24⅝
41	12	1.00	Texas Gulf Sulphur	32⅜	35
9½	2⅛	—	Trans America	5⅜	5½
51⅞	15½	1.00	Union Carbide & Carbon	38¾	39
132	27⅝	6.00	Union Pacific	104	106½
44⅝	6½	—	United Aircraft & Trans.	27¾	29¼
14½	8½	—	United Corporation	6¼	6½
25	9¼	1.20	United Gas Improvement	16⅝	17
25	1¼	—	U. S. Rubber	12⅜	13⅜
67½	21¼	—	U. S. Steel	39½	41⅞
51½	11	*2.40	Universal Leaf Tobacco	42½	42
36¼	5¼	—	Vanadium	17	18¼
9⅞	½	—	Warner Bros. Pictures	6¾	7⅛
58¾	15⅝	—	Westinghouse E. & M.	32⅝	34⅜
50⅞	22	2.40	Woolworth	37⅛	38⅛

*Plus Extras

Call Money ¾% ¾%

SWAN, CULBERTSON & FRITZ

Swan, Culbertson & Fritz

Investment Securities—Local & Foreign

Safe Deposit Facilities

New York stock quotations received daily

Sassoon House Telephones 11200 (4 lines)

READ

"THE CHINESE REPUBLIC"

Edward Bing-Shuey Lee, Editor

SPECIAL FEATURES

1. Review of World Events
2. Survey of the Week's News in China
3. The Mis-Republic
4. What China Has
5. Chinese Leaders' Views

OTHER FEATURES

1. Editorials
2. Special Articles on Economic Development, Foreign Affairs, Current Topics and Specialized Subjects
3. Reconstruction
4. Chinese Press Opinion
5. Foreign Press Opinion
6. Documentary Data
7. Book Reviews

20 Cents per Copy

$ 7.00 Mex. per year (domestic)
$16.00 Mex. per year (foreign)

Business and Editorial Offices,
14 Kiukiang Road, Shanghai.

"The Peiping Chronicle"

Leading English Language Daily Newspaper of North China. Presenting news impartially and promptly, interpreting current events in a sane and liberal spirit, and editorially supporting progressive and constructive policies.

Enjoying the widest circulation in North China and other places, and serving as the best medium for advertising.

SUBSCRIPTION RATES:

Single copies	10 cents
Sunday only one month	40 „
Two week	$ 1.00
One month	„ 2.00
Six months	„ 11.00
One year	„ 20.00

(Postage extra)

2. Mei Cha Hutung, Peiping, China.

Cable Address: "CHRONICLE"

THE PEOPLE'S TRIBUNE

An Organ of National-Revolutionary Thought and Opinion

Edited by T'ANG LEANG-LI

THE PEOPLE'S TRIBUNE aims at conveying accurate information and the correct interpretation thereof, at informing the foreign public what China's masses and their responsible leaders are thinking and doing at explaining the significance of major political and other relevant developments—without fear or prejudice.

Among its contributors we find political leaders and thinkers of international repute, such as WHANG CHING-WEI, T. V. SOONG, CHEN KUNG-PO, QUO TAI-CHI, Dr. WELLINGTON KOO, SUN FO, and experts who, anonymously or under their own name, write with the greatest authority on their respective subjects.

THE PEOPLE'S TRIBUNE is therefore indispensable to all who are interested in the political, social, and economic development of national-revolutionary China.

Single Numbers: 20 cents — Twelve Numbers: Mex $2.00 (Abroad G.$1.50)

CHINA UNITED PRESS

72 Szechuen Road, Shanghai

Telephone: 18447 — Cablegrams: Cupress

JUST WHAT YOU WANT

A Simple, Systematic but Thorough Course of Study in the Chinese Language.

By

Prof. W. A. Scharffenberg

PRINCIPAL

HOME STUDY INSTITUTE

Oriental Branch

UNIT I

Ten Lessons

Now Ready For Distribution
Units II, III, IV & V to follow.

Each Unit consists of approximately twenty-five pages of helpful instructions on general principles of language study and other related subjects. Fifty pages of vocabularies covering five hundred useful terms. Twenty pages of intensely interesting analysis of Chinese characters. From ten to twenty pages of reading lessons.

Prices: U.S. Gold $2.00—Malaya, $5.00 Straits Currency; China, $6.00 Mex.

Send orders and remittances to the

CHINA WEEKLY REVIEW

38 Avenue Edward VII
Shanghai

We do not Sell "Talking Points"

Ford V-8

Henry Ford
Dearborn, Mich.

When customers write in, as many are doing these days, stating that they have found the Ford V-8 better than we said it was, that is how we prefer it to be.

I say this for the benefit of a Ford dealer who chides me for not claiming all that might be claimed in favor of our car.

If the people who use our cars every day are not praising them, it matters little what we may say. The last word must be spoken by the car itself, and the owner who tells his next door neighbor how his car behaves in actual service is the only effective advertiser.

That is why we do not stress "talking points" in our car. The Ford V-8 is built on principles, not on "points." Most of the "talking points" in motor cars are of little or no importance to the performance or value of the car.

Take weight, for example. It is not just a "talking point" with us; it is a basic principle which we keep constantly in mind when we design a car.

Weight has much to do with the cost of the car. It costs us money to remove excess weight. It costs you money if we leave it in.

When people talk about the cost of running a car--or, to put it in advertising language, "economy of operation"--why do they not give more thought to weight?

The more dead weight a car drags around, the more it costs to run.

To carry passengers costs very little. It is car weight that runs up the gas bills. If we design an economical engine, and then waste the economy in moving a mass of unnecessary car weight, what has been gained?

By keeping weight where it belongs—as trainers do with a race-horse or an athlete--the horse-power per pound of car remains high. To get the most miles and most power out of a gallon of gas, a car should not be over-heavy for its purpose. A quick, responsive pick-up and reserve speed--which means reserve power--requires careful attention to car-weight and strength.

The Ford V-8 is not a light car--it is as heavy as its design requires, and much stronger than it need be for safety. But it has no useless weight. Strength has been obtained without dead heavy bulk.

What we offer is a car, built to do certain things, and sure to do them.

Henry Ford

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China.